

# CONTENTS

FOREWORD BY TÁNAISTE AND MINISTER FOR ENTERPRISE, TRADE AND EMPLOYMENT	2
INTRODUCTION BY SECRETARY GENERAL	6
ORGANISATION CHART	10
STRATEGIC GOAL 1	12
STRATEGIC GOAL 2	26
STRATEGIC GOAL 3	43
STRATEGIC GOAL 4	49
STRATEGIC GOAL 5	61
APPENDIX 1 - ESTIMATE FOR THE DEPARTMENT	74
APPENDIX 2 - REPORT ON COMPLIANCE WITH PROVISIONS OF PROMPT PAYMENT OF ACCOUNTS ACT	78
APPENDIX 3 - LEGISLATION ADMINISTERED BY THE DEPARTMENT	79
APPENDIX 4 - LEGISLATION ENACTED BY THE DEPARTMENT IN 2001	81
APPENDIX 5 - STATUTORY INSTRUMENTS MADE DURING 2001	82
APPENDIX 6 - DIRECTIVES ADOPTED AT EU LEVEL DURING 2001	88
APPENDIX 7 - EMPLOYMENT REGULATION ORDERS MADE DURING 2001	90
APPENDIX 8 - BODIES AND OFFICES ASSOCIATED WITH THE DEPARTMENT	91
APPENDIX 9 - ADDRESSES OF OFFICES OF THE DEPARTMENT	103

## FOREWORD BY TÁNAISTE AND MINISTER FOR ENTERPRISE, TRADE AND EMPLOYMENT

2001 was a year of significant flux in the global environment, with a downturn in growth in the major economies. While Ireland was affected by this trend, the roots of competitiveness and social inclusion laid down in recent years gave us a strong degree of resilience. Our growth rate remained high in international terms, and buoyant demand helped us to continue to grow jobs.

At the end of 2001 over 1.75 million people were at work in Ireland. This translates into an employment rate of sixty seven percent which exceeds the EU average. Unemployment, and long-term unemployment in particular, remained low.

Against this backdrop, my Department continued to make substantial progress in achieving its strategic aims across all areas of its business.

2001 marked the culmination of preparations for European Monetary Union. The great success of the introduction of the Euro in Ireland reflects the worth of that preparatory work. Business preparedness was significantly enhanced by the Awareness Campaign run by Forfás. The Office of the Director of Consumer Affairs also worked to ensure price stability following the introduction of the currency.

The quality of regulation is a vital part of the competitiveness agenda. The appointment of the Director of Corporate Enforcement was a particular highpoint in this area. The Company Law Enforcement Act 2001 also represented a major step forward, as does the new Competition Act which will enhance the effectiveness of the Competition Authority.

Notwithstanding the difficult global trading conditions, demand for skills and labour remained high. While there was an increase in redundancies in certain sectors, the medium term outlook indicates that the demand for skills and adaptability will continue to grow. My Department worked with a range of stakeholders including state agencies and the social



partners to assess skills requirements and to improve skills provision in an overall lifelong learning framework. This was reflected in the new mandate given to the Expert Group on Future Skills Needs and the implementation of the National Training Fund.

We continued to respond to a growing demand for third country labour, while also taking steps to ensure that this was balanced by measures to ensure the greatest possible mobilisation of our domestic labour force. The recently published draft work permits legislation has been widely welcomed in this regard. 2001 also saw the publication of a new FÁS strategy which reflects the priority I attach to ensuring that the positive effects of employment growth are sustained through more investment in training and learning. My Department also worked closely with FÁS to improve the training and employment prospects for people with disabilities.

In the industrial development sphere, we maintained our drive for more and better jobs and for balanced regional development. Inevitably, the downturn in the ICT sector had an affect on Foreign Direct Investment. We nevertheless managed to grow FDI jobs in sectors such as international services and healthcare, and IDA Ireland's goal of securing 50% of all greenfield jobs for the Objective One regions was substantially achieved

during the year. On the indigenous front, the year ended with a net gain of one thousand manufacturing and international services jobs.

Much of our future industrial performance will be determined by our ability to innovate and develop the knowledge base to spawn new products and services. 2001 marked a watershed, with the establishment of Science Foundation Ireland and the selection of the first projects to benefit from the significant resources earmarked for innovation in the National Development Plan.

Employment rights is a foundation for social inclusion and improved quality of life. My Department worked to strengthen these rights during 2001. The position of the almost 300,000 part time workers, many of whom are women, was enhanced by the introduction of the Protection of Employees (Part-Time Work) Act 2001. The provisions of the Carer's Leave Act 2001 will help to facilitate and support employees who wish to leave

the workforce temporarily to care for a parent or relative. My Department also worked during 2001 to continue to implement the very wide ranging social partnership agenda established under the Programme for Prosperity and Fairness.

These achievements would not have been possible without the professionalism and commitment of the staff in the Department and on behalf of my Ministerial colleagues in the Department, Ministers of State Noel Treacy and Tom Kitt, I would like to thank all the staff for their hard work and immense support in the continuing pursuit of our strategic objectives.



**Mary Harney TD**

**Tánaiste and Minister for Enterprise, Trade and Employment**

**“The quality of regulation is a vital part of the competitiveness agenda. The appointment of the Director of Corporate Enforcement was a particular highpoint in this area.”**

# RÉAMHFHOCAL AN TÁNAISTE AGUS AIRE FIONTAR, TRÁDÁLA AGUS FOSTAÍOCHTA

Bliain chorraitheach go maith sa timpeallacht dhomhanda a bhí i 2001, inar tharla cor chun donais sna mórgheilleagair. Cé go raibh tionchar ag an gclaonadh seo ar Éirinn, thug fréamhacha na hiomaíochta agus an chuimsithe shóisialta a leagadh síos le blianta beaga anuas teacht aniar nár bheag dúinn. Mhair an ráta ard fáis i dtéarmaí idirnáisiúnta, agus chabhraigh éileamh bríomhar linn leanúint ar aghaidh ag cruthú jabanna.

Ag deireadh 2001 bhí breis agus 1.75 milliún daoine ag obair in Éirinn. Is ionann seo agus ráta fostaíochta seasca a seacht faoin gcéad a sháraíonn meán an AE. D'fhan dífhostaíocht, agus dífhostaíocht fhadtréimhseach ach go háirithe, íseal.

Laistiar den chúlra seo, lean an Roinn agamsa ar aghaidh ag déanamh dul chun cinn suntasach i mbaint amach a haidhmeanna straitéiseacha thar gach réimse da gnó.

Tháinig deireadh i 2001 leis na hullmhúcháin don Aontas Airgeadaíochta Eorpach. Léiríonn an chaoi ar éirigh le tabhairt isteach an Euro in Éirinn cé chomh luachmhar agus a bhí an t-ullmhúchán sin. Chabhraigh an Feachtas Feasachta a reáchtáil Forfás go mór le lucht gnó a bheith ullamh. D'oibrigh Oifig an Stiúrthóir Gnóthaí Tomhaltóirí freisin d'fhonn cobhsaíocht praghsanna a chinntiú tar éis tabhairt isteach an airgeadra.

Is cuid bhunúsach den chlár oibre iomaíochta é an caighdeán rialacháin. Ba bhuaicphointe é sa réimse seo ceapachán an Stiúrthóra um Fhorfheidhmiúchán Corparáideach. Is céim mhór chun tosaigh í freisin An tAcht um Fhorfheidhmiúchán Díl na gCuideachtaí 2001, mar aon leis an Acht nua um Iomaíocht a chuirfidh go mór le héifeacht an Údaráis Iomaíochta.

Ainneoin na gcoinníollacha deacra trádála ar fud an domhain, d'fhan an t-éileamh ar scileanna agus ar lucht oibre ard. Cé gur tháinig méadú ar líon na n-iomarcaíochtaí in earnálacha áirithe, léiríonn an fháisnéis mheántearma go leanfaidh an fás ar an



éileamh ar scileanna agus ar oiriúnú. D'oibrigh an Roinn agamsa le réimse de pháirtithe leasmhara ar a n-áirítear áisíneachtaí stáit agus na comhpháirtithe sóisialta chun measúnú a dhéanamh ar na riachtanais maidir le scileanna agus chun an soláthar scileanna a fheabhsú i gcreatlach fhoghlaim shaoil. Léiríodh seo sa sainordú nua a tugadh don Ghrúpa Saineolaithe um Riachtanais sa Todhchaí agus i gcur i bhfeidhm an Chiste Náisiúnta Traenála.

Leanamar orainn ag freagairt d'éileamh a bhí ag fás ar lucht oibre ón tríú tír, agus ag an am céanna thógamar céimeanna chun a chinntiú go raibh seo cothromaithe ag bearta a chinnteodh go gcuirfí oiread agus a b'fhéidir dár lucht oibre dúchasach ag obair. Fáiltíodh go forleathan roimh an dréachtreachtaíocht um cheadúnais oibre a foilsíodh le déanaí. Le linn na bliana 2001 foilsíodh straitéis nua FÁS a léiríonn an tosaíocht a thugaimse don ghá go gcothaítear torthaí dearfacha an fháis i gcúrsaí fostaíochta le hinfheistíocht bhreise i dtraenáil agus i bhfoghlaim. D'oibrigh mo Roinnse freisin go dlúth le FÁS chun na deiseanna traenála agus fostaíochta do dhaoine faoi mhíchumas a fheabhsú.

I réimse na forbartha tionsclaíche, choimeádamar ar aghaidh ag cuardach jabanna breise agus jabanna

níos fearr agus ag éileamh forbairt chothrom réigiúnach. Gan amhras, bhí éifeacht ag an gcor chun donais san earnáil ICT ar Dhírinfheistíocht Choigríche. D'éirigh linn, mar sin féin jabanna dírinfheistíocht choigríche a mhéadú in earnálacha ar nós seirbhísí idirnáisiúnta agus cúram sláinte, agus tugadh feidhm, a bheag nó a mhór, le linn na bliana do chuspóir IDA Ireland go mbainfí amach 50% de na jabanna úrnua do na réigiúin Chuspóir a hAon. Chríochnaigh an bhliain le méadú glan de mhíle jab déantúsaíochta agus seirbhísí idirnáisiúnta.

Beidh cuid mhór dár bhfeidhmiú tionsclaíoch sa todhchaí ag brath ar ár gcumas maidir le nuálaíocht agus leis an mbunachar eolais a fhorbairt le táirgí agus seirbhísí nua a ghiniúint. Cor sa chinneúint ab ea 2001, nuair a bunaíodh Foras Eolaíochta Éireann agus nuair a roghnaíodh na chéad tionscnaimh a bhainfidh leas as na hacmhainní suntasacha a cuireadh in áirithe do nuálaíocht sa Phlean Náisiúnta Forbartha.

Tá cearta fostaíochta mar bhun ag cuimsiú sóisialta agus caighdeán feabhsaithe saoil. D'oibrigh mo Roinnse d'fhonn na cearta seo a neartú ar feadh 2001. Feabhsaíodh staid an 300,000 (beagnach) oibrí páirtaimseartha, gur mná iad a lán acu, nuair a tugadh

isteach an tAcht um Chosaint Fostaithe (Obair Phairtaimseartha), 2001. Cabhróidh forálacha an Achte um Shos do Lucht Cúraim le cuidiú agus tacú le fostaithe a dteastaíonn uathu an meitheal oibre a fhágáil ar bhonn sealadach chun aire a thabhairt do thuismitheoir nó do ghaol. D'oibrigh mo Roinn freisin le linn 2001 chun leanúint ar aghaidh ag tabhairt feidhme don chlár oibre an-leathan um chomhpháirtíocht shóisialta a bunaíodh faoin gClár um Rathúnas agus Cothroime.

Ní bheadh na héachtaí seo indéanta gan ghairmiúlacht agus díograis na foirne sa Roinn agus thar ceann mo chomhghleacaithe rialtais sa Roinn, na hAíré Stáit Noel Treacy agus Tom Kitt ba mhaith liom buíochas a ghabháil leis an bhfoireann go léir as a ndiansaothar agus a dtacaíocht ollmhór agus muid ag leanúint i cónaí ar thóir ár gcuspóirí straitéiseacha.



**Mary Harney TD**  
**Aire Fiontar,**  
**Trádála agus Fostaíochta**

**“Is cuid bhunúsach den chlár oibre iomaíochta é an caighdeán rialacháin. Ba bhuaicphointe é sa réimse seo ceapachán an Stiúrthóra um Fhorfheidhmiúchán Corparáideach.”**

## INTRODUCTION BY SECRETARY GENERAL

In 2001 the Department of Enterprise, Trade and Employment worked to strengthen employment, competitiveness and social inclusion in Ireland.

This annual report describes our achievements in 2001. Its publication is an important aspect of the modernisation process in the public service through the Strategic Management Initiative. Our Department is strongly committed to advancing the mission of delivering better government. We aim to provide high quality services to our internal and external customers, to achieve value for money and to develop our human resources to anticipate and respond to the challenges facing us. We strive to do these things in a way that is open and accountable to both the Oireachtas and the citizen.

Our ability to deliver is crucially dependent on the knowledge, skills and competencies of all staff members in the Department. In 2001 we completed the roll out of our performance management and development system. The system provides the platform for a more strategic approach to staff development, based on a clear understanding of each staff member's role and relationship to the Department's specific business goals. In parallel with performance management, we strengthened our business planning process, placing greater emphasis on review and evaluation.

We worked to deepen the culture of partnership in the Department. I would like to particularly acknowledge the contribution of staff to the partnership committee and its sub groups in championing and communicating the change process. We sought to mirror internal openness with greater transparency and accessibility for our external customers. In 2001 we responded to a very significant increase in requests for information across all aspects of the Department's business, with growth in employment rights queries particularly in evidence.

The increased use of the Department's website was also notable, reflecting the growing importance of the



internet in our interaction with the citizen. With that in mind we redesigned our website to facilitate access by people with disabilities. We also substantially advanced our strategy to e-enable the Department to deliver its services electronically.

As the Tánaiste's introduction indicates, our efforts in improving efficiency and effectiveness were reflected positively in the policy outcomes we achieved. We advanced the regulatory reform agenda in areas such as company law, prudential supervision and the promotion of free and fair competition. We also worked to strengthen consumer input to policy decisions through the establishment of the Consumer Advisory Council.

In the employment and training area we substantively progressed the agenda established under the Programme for Prosperity and Fairness. This included support for enterprises under the Social Economy Programme and the drive to help people with disabilities access more and better jobs under initiatives such as the Supported Employment Programme. We also continued our work to promote employment rights through regulation, awareness raising and the work of the labour inspectorate.

In the area of industrial development, 2001 was somewhat volatile. Foreign direct investment, in particular, suffered from the effects of the global downturn, exacerbated by the tragic events of September the eleventh. This volatility underscores the need to continually upgrade Ireland's competitiveness and to invest now in the factors which will provide for long term growth in business and living standards. The emphasis we placed on promoting research and development, enhancing access to finance for innovative business and working to meet skills needs reflect our efforts to meet this challenge.

The first year of the new millennium proved a challenging one for Ireland, both in responding to the legacy of our outstanding growth performance during

the previous decade, while also facing up to less positive trading conditions worldwide. However, these challenges only served to reinforce the need for innovation, adaptability and a rigorous pursuit of best practice standards in the delivery of service. I am confident that this annual report reflects the willingness of our Department to embrace change as a positive force and to harness it for growth, prosperity and inclusiveness.

A handwritten signature in black ink, appearing to read 'Paul Haran', written in a cursive style.

**Paul Haran**  
**Secretary General**

**“We aim to provide high quality services to our internal and external customers, to achieve value for money and to develop our human resources to anticipate and respond to the challenges facing us ”**

## RÉAMHRÁ ÓN ARD-RÚNAÍ

Sa bhliain 2001, d'oibrigh an Roinn Fiontar, Trádála agus Fostaíochta le fostaíocht, iomaíochas agus cuimsiú sóisialta in Éirinn a láidriú.

Tá cur síos sa tuarascáil bhliantúil seo ar ár n-éachtaí i 2001. Gné thábhachtach is ea a foilsiú de phróiseas nuachóirithe na seirbhíse poiblí tríd an Tionscnamh Bainistíochta Straitéisí. Tá geallúint láidir tugtha ag ár Roinn an misean le rialtas níos fearr a sholáthar a chur chun cinn. Tá sé d'aidhm againn seirbhísí ard-cháilíochta a sholáthar dár gcustaiméirí inmheánacha agus seachtracha, luach airgid a bhaint amach agus ár n-acmhainní daonna a fhorbairt le teacht roimh agus freagairt do na dúshláin atá romhainn. Táimid ag dréim len é seo a dhéanamh ar bhealach oscailte agus freagrach don Oireachtas agus don saoránach.

Tá ár n-ábaltacht é seo a sholáthar ag brath go trom ar eolas, ar scil agus ar inniúlacht na mball foirne uilig sa Roinn. I 2001 chríochnaíomar an rothlú amach ar ár gcóras bainistíochta agus forbartha feidhmithe. Tá an córas seo ina bhonn faoi chur chuige níos straitéisí i leith forbairt foirne, bunaithe ar thuiscint shoiléir ar ról gach ball foirne agus ar a ngaol le haidhmeanna sonrúla gnó na Roinne. Ag teacht le bainistíocht feidhmithe, láidriú muid ár bpróiseas pleanála gnó, le béim níos láidre a chur ar athbhreithniú agus ar mheasúnú.

D'oibríomar leis an gcultúr comhpháirtíochta a dhoimhniú sa Roinn. Is mian liom aitheantas ar leith a thabhairt don méid a chuir an fhoireann le hobair an choiste rannpháirtíochta agus a fhoghrúpaí chun próiseas an athruithe a chur chun cinn agus a chur trasna. Theastaigh uainn scáthántacht a dhéanamh ar an oscailteacht inmheánach seo trí fhollasacht agus inrochtaineacht fheabhsaithe dár gcustaiméirí seachtracha. Sa bhliain 2001 d'fhreagraíomar do mhéadú suntasach in iarratais ar eolas thar gach gné de ghnó na Roinne, agus fás ar leith le sonrú maidir le fiosrúcháin faoi chearta fostaíochta.

Tugadh faoi deara freisin méadú in úsáid láthair gréasáin na Roinne, ag léiriú an méadú i dtábhacht an



idirlín inár n-idirghníomhaíocht le saoránaigh. Agus é sin ar aigne againn, rinneamar athdhearadh ar an láthair gréasáin chun rochtain a éascú dóibh siúd atá faoi mhíchumais. Rinneamar dul chun cinn mhór inár straitéis freisin le r-ábaltacht a thabhairt don Roinn lenár seirbhísí a sholáthar go leictreonach.

Mar an léiríonn réamhrá an Tánaiste, bhí ár n-iarrachtaí le héifeachtacht agus feidhmiúlacht a fheabhsú le feiceáil go dearfach sna torthaí a bhaineamar amach ó thaobh polasaí de. Chuireamar an clár athchóirithe rialacháin chun cinn i réimsí ar nós dlí na gcuideachtaí, maoirseacht stuama agus iomaíocht shaor agus chothrom a spreagadh. D'oibríomar freisin i dtreo le hionchur an tomhaltóra i gcinneadh polasaí a láidriú trí Chomhairle Chomhairleach an Tomhaltóra a bhunú.

I réimse na fostaíochta agus traenála, rinneamar dul chun cinn shuntasach maidir leis an gclár a bunaíodh faoin gClár um Rathúnas agus Cothroime. San áireamh anseo bhí tacaíocht d'fhiontair faoi Chlár an Gheilleagair Sóisialta, agus an gníomhaíocht le cabhrú leo siúd atá faoi mhíchumais rochtain a fháil ar níos mó postanna agus ar phostanna níos fearr trí thionscnaimh ar nós an Chláir um Fostaíocht Tacaithe. Leanamar freisin lenár gcuid oibre le cearta

fostaíochta a chur chun cinn trí rialachán, trí fheasacht a spreagadh, agus trí obair na foirne cigireachta saothair.

Ó thaobh forbartha tionsclaíoch de, bliain luaineach a bhí i 2001. D'fhulaing infheistíocht dhíreach eachtrannach, ach go háirithe, éafachtaí an mheathlú domhanda, a dhianaigh le hócáidí tragóideacha an aonú lá déag Meán Fómhair. Léiríonn an luaineacht seo go soiléir an gá atá le hiomaíochas na hÉireann a uasghrádú go leanúnach agus an gá atá ann le hinfeistíocht a dhéanamh anois sna gnéithe a sholáthróidh fás fadtéarmach i gcaighdeán maireachtála agus gnó. Léirítear sa bhéim a leagamar ar thaighde agus ar fhorbairt a spreagadh, béim ar rochtain bhreisithe ar mhaoiniú do ghnó nuálaíoch, agus béim ar obair i dtreo freastal ar riachtanais ó thaobh scil de, ár n-iarrachtaí freagairt don dúshlán seo.

Bliain dhúshlánach a bhí sa chéad bhliain den mhílaois nua d'Éirinn, idir freagairt don bhfás as cuimse a bhí againn mar oidhreacht ón deich mbliana roimhe sin, agus, ag an am céanna, aghaidh a thabhairt ar an meathlú trádála domhanda nach raibh chomh dearfach sin. Ní dhearna na dúshláin seo, áfach, ach an gá atá le nuálaíocht agus le hinoiriúnaitheacht, maraon le dian-iarmhóracht na gcaighdeán cleachtas is fearr inár soláthar seirbhíse, a threisiú. Tá muinín agam go léiríonn an tuairisc bhliantúil seo toilteanas ár Roinne dul i ngleic le hathrú mar fhórsa dearfach, agus gabháil dó ar son fáis, rathúnais agus cuimsitheachta.



**Paul Haran**  
Ard-Rúnaí

**“Tá sé d’aidhm againn seirbhísí ard-cháilíochta a sholáthar dár gcustaiméirí inmheánacha agus seachtracha, luach airgid a bhaint amach agus ár nacmhainní daonna a fhorbairt le teacht roimh agus freagairt do na dúshláin atá romhainn.”**

# ORGANISATION CHART

**Tánaiste and Minister for Enterprise, Trade and Employment**  
**Mary Harney, T.D.**

**Minister for Labour, Trade  
 and Consumer Affairs**  
**Tom Kitt, T.D.**

**Secretary  
 General of the  
 Department**  
**Paul Haran**

**Minister for Science,  
 Technology and Commerce**  
**Noel Treacy, T.D.**

**ENTERPRISE, SCIENCE &  
 TECHNOLOGY POLICY  
 DIVISION**

**LABOUR FORCE  
 DEVELOPMENT  
 DIVISION**

**EMPLOYMENT RIGHTS  
 & INDUSTRIAL RELATIONS  
 DIVISION**

**TRADE, COMPETITION  
 & MARKET RIGHTS  
 DIVISION**

**CORPORATE SERVICES AND  
 ECONOMIC POLICY  
 DIVISION**

**INSURANCE AND  
 COMPANY LAW  
 DIVISION**

**ENTERPRISE  
 COMPETITIVENESS  
 DIVISION**



MEMBERS OF THE DEPARTMENT'S MANAGEMENT BOARD (2001)

Back row L-R: Ronald Long, John Walsh, Brian Whitney, John Corcoran, Margo Monaghan, Martin Shanagher.  
 Front row L-R: Sean Gorman, Seamus O'Morain, Paul Haran (Secretary General), Muireann Murtagh (Secretary), Michael McKenna.  
 Inset: John Travers, outgoing member of Management Board

<b>Enterprise, Science and Technology Policy Division</b>	<b>Principal Officers</b> Kieran Grace Paraig Hennessy Martin Lynch  <b>Assistant Secretary</b> Fergus McCafferty Ronald Long Martin Shanagher	<b>Sections within Division</b> Operational Programme Management, NSAI, State Owned Firms, Enterprise Strategy, Outward Investment, State Aids & FDI, Science & Technology, Indigenous Industry, Agencies & policy (inc North/South)	<b>Offices &amp; Agencies of the Department</b> IDA Ireland, Forfás, Enterprise Ireland, NSAI, Shannon Development, NET, County Enterprise Boards, InterTradelreland
<b>Corporate Services and Economic Policy Division</b>	<b>Principal Officers</b> Ned Costello Pdraig Cullinane Gerry Donnelly Peter Fisher John P.Kelly Eamonn Laird Ronnie Sheehan	<b>Sections within Division</b> Planning, Personnel, Press, Consultancy & Internal Audit, Information Resources & e-Department, Information Systems & Organisation, Finance	<b>Offices &amp; Agencies of the Department</b>
<b>Labour Force Development Division</b>	<b>Principal Officers</b> David Barry Michael Cunniffe  <b>Assistant Secretary</b> Sean Gorman Clare Dunne Eugene Forde	<b>Sections within Division</b> Employment & Training Strategy, Employment Services/Economic Migration Policy, European Social Funds Policy & Operations, Labour Market Policy	<b>Offices &amp; Agencies of the Department</b> FÁS
<b>Insurance and Company Law Division</b>	<b>Principal Officers</b> Philip Donegan Vincent Madigan Pat Nolan Rady Redmond Anne Troy	<b>Sections within Division</b> Company Law Administration, EU/New Legislation, Company Law Review, Insurance Financial Supervision, Insurance Market	<b>Offices &amp; Agencies of the Department</b> Companies Registration Office, Office of the Registrar of Friendly Societies, Office of the Director of Corporate Enforcement
<b>Trade, Competition and Market Rights Division</b>	<b>Principal Officers</b> Eamonn Carey Pat Hayden Tony Joyce Tony McGrath	<b>Sections within Division</b> Market Access Unit, Export Credit & Consumer Protection, Intellectual Property, Competition Policy	<b>Offices &amp; Agencies of the Department</b> Patents Office, Competition Authority, Office of the Director of Consumer Affairs
<b>Employment Rights and Industrial Relations Division</b>	<b>Principal Officers</b> Maurice Cashell William Jestin Ciaran O'Cuinneagain	<b>Sections within Division</b> Employment Rights, Labour Inspectorate, Redundancy, Insolvency, EAT, HSA Liaison, Industrial Relations	<b>Offices &amp; Agencies of the Department</b> Employment Appeals Tribunal, Health & Safety Authority, Labour Relations Commission, Labour Court
<b>Enterprise Competitiveness Division</b>	<b>Principal Officers</b> Lorraine Benson Michael English Margo Monaghan Michael O'Donnell	<b>Sections within Division</b> Secretariat, Overseas Enterprise & Environment, E-Business, SME's & Competitiveness, EU Affairs	<b>Offices &amp; Agencies of the Department</b>
<b>Assistant Secretary</b>	Seamus O'Morain		



ENTERPRISE  
ENVIRONMENT

# strategic goal ONE



**To promote a competitive enterprise environment which will foster enterprise development and meet the emerging challenges and opportunities of an increasingly knowledge-based and globalised economy.**

# ENTERPRISE ENVIRONMENT

Ireland's growth rate slowed during 2001 under the influence of negative global economic conditions. However, the fundamentals of the economy remain strong, based on continuing investment in enterprises, infrastructure and skills, and a strengthened regulatory environment. An emphasis is being placed on ensuring that these investments are deployed to achieve balanced regional development. During 2001, the Department, in collaboration with its agencies and stakeholders, placed particular stress on quantifying the skills needs of the economy and on developing a strategic framework for lifelong learning. In the industrial development sphere, the drive continued for quality foreign direct investment projects and higher value added output from indigenous firms. The establishment of the Office of the Director of Corporate Enforcement was significant in terms of business regulation.

## OBJECTIVE 1 (i)

### To strengthen overall competitiveness by improving the business environment.

Ireland's international competitiveness ratings have reached exceptionally high levels in recent years. Sustaining our competitiveness requires rapid and flexible adaptation to new economic circumstances. Action is required on issues such as costs, human resources, infrastructural deficits, e-commerce usage, and research, development and innovation.

According to EU competitiveness scoreboards, Ireland's performance has been among the best on indicators such as net business creation, ease of company start-up, business friendly environment, low administrative and taxation burdens and adoption of ICTs. Nevertheless, the dynamic nature of the global competitive environment implies continuing dedication to identifying and responding to competitiveness issues.



## National Competitiveness Council

The National Competitiveness Council's Fourth Annual Competitiveness Report (available on website at [http://www.forfás.ie/ncc/reports/ncc\\_annual\\_01.htm](http://www.forfás.ie/ncc/reports/ncc_annual_01.htm)) and its 2001 Annual Competitiveness Challenge (available on website at [http://www.forfás.ie/ncc/reports/ncc\\_challenge\\_01.htm](http://www.forfás.ie/ncc/reports/ncc_challenge_01.htm)) were published in December 2001. The latter report contained a number of recommendations for action to improve competitiveness in the light of the changed economic environment e.g. cost environment for enterprise, infrastructure (transport, telecoms, energy and waste), market regulation, public sector effectiveness / efficiency, education and training and research and development. These recommendations will be actively pursued in 2002.

## Benchmarking for Competitiveness

On 28th February 2001, a historic Memorandum of Understanding was signed between the development agencies on the island of Ireland in the presence of the Tánaiste and the Minister for Enterprise, Trade & Investment in Northern Ireland. The Memorandum establishes parameters for future co-operation between the agencies in respect of benchmarking for competitiveness for enterprises on the island of Ireland. The agencies formally agreed to co-operate, for the mutual benefit of their respective client companies, through developing a set of shared operational performance measures and benchmarks.



**An Tánaiste with Liam Nellis, CEO, InterTradelreland and Kevin Thompstone, CEO SFADCO at the signing of a memorandum of Understanding between the Development Agencies.**

## Forfás

During the year, Forfás produced a wide range of advice, reports and policy proposals aimed at improving the environment for enterprise in Ireland. Much of this work was undertaken with associated bodies such as the National Competitiveness Council, the Irish Council for Science, Technology and Innovation and the Expert Group on Skills Needs. The outcomes of the work are reflected throughout the annual report.

In conjunction with the Department of Finance, the Department undertook a Review of Forfás expenditure covering the period 1995 to 1999. The Review is one in a series of expenditure reviews being carried out under the aegis of the Strategic Management Initiative (SMI) and was submitted to the central Steering Committee on Programme Evaluation in Autumn 2001.

## EMU Business Awareness Campaign & Introduction of the Euro

The Department funded Forfás to mount this campaign, aimed at ensuring that Business was properly prepared for the introduction of the Euro. Following surveys which monitored business response to the campaign, the initial 2001 budget of €2.125m was increased by a further €1.5m in July, 2001. Business preparedness also increased as the year progressed. For example the percentage of retail businesses which had a changeover plan in place increased from 24% in March, to 75% in July and 88% in October.

The smooth changeover to the Euro and the absence of any serious difficulties by business reflects positively on the EMU Business Awareness Campaign.

## e-Working

During 2001, the e-Work Action Forum made substantial progress in creation of an "e-work friendly" environment.

Enterprise Ireland undertook a major media campaign to promote e-work. The campaign was funded through the Information Society Action Fund. An MRBI survey during September/October 2001, commissioned by Enterprise Ireland, showed that e-work is on the increase in Ireland: the number of companies utilizing e-work increased from 10% to 12% in the past 12 months; the number of employees per firm who e-work is up from an average of 4.5 to 6 employees.

Following representations by the e-Work Action Forum, the Revenue Commissioners issued a leaflet "E-Working and Tax" which clarifies the application of the reliefs and the taxation arrangements applying to e-working.

## **Productive Sector Operational Programme 2000-2006**

The Department is the lead Department and Managing Authority for the Productive Sector Operational Programme 2000-2006. Expenditure of €7 Billion has been projected over the period the Programme which includes €284 million provided from EU Structural Funds.

Activity in the Productive Sector is a major driver of economic growth and as such is relied on to deliver jobs and wealth creation. Support under the OP reflects the specific needs of the sector and is being provided under Priorities covering Research, Technological Development and Innovation ( RTDI ), Industry ( Indigenous and Foreign Direct Investment ), Marketing, Forestry and Fisheries/Seafood Industry Development.

As required by EU regulations, the Department finalised the Programme Complement and received approval for it from the Monitoring Committee for the Programme and the EU Commission. In essence, the Programme Complement sets out a financial plan and details of the sub-measures including monitoring indicators for the Operational Programme. Two Monitoring Committee meetings were held during 2001 to review progress under the Programme. The first Annual Implementation Report was approved by the Committee and the EU Commission.

## **Spatial Strategy and Infrastructure.**

The Department participated in work on the development of a National Spatial Strategy, and on supporting the Cabinet Subcommittee on Infrastructure in its work on the smooth implementation of the infrastructure elements of the National Development Plan. The Department inputted into the Interdepartmental Steering Committee (chaired by the Department of the Environment and Local Government) ensuring co-ordinated responses from the Development Agencies.

## **EU State Aid Regime**

State Aid to industry is regulated by the European Commission. In 2001, the Department developed proposals on arrangements necessary at national level to ensure compliance in Ireland with EU requirements in the field of State Aids. These proposals will be submitted to Government in 2002. The Department also contributed in EU fora to updating the regime, in particular, the development of new rules on aid to large investment projects, and monitoring of aid payments under existing schemes.

## **Standards and Legal Metrology**

The National Standards Authority of Ireland (NSAI) published the major revision of the primary international management systems standards ISO 9000:2000. Through the NSAI secretariat Irish experts have been influential in changing the standard to meet the challenges of the 21st century.

NSAI extended its accreditation with the National Accreditation Board (NAB) to cover certification of horticultural producers for An Bord Glas aimed at improving the marketability of Irish horticultural produce abroad. As part of the continuing development of the certification services provided by NSAI, the Authority entered into a partnership agreement with Construction Quality Assurance (CQA) Ireland. The Authority also undertook to provide a range of certification services required by the Timber Quality Bureau of Ireland, the Irish Timber Frame Manufacturing Association, the Irish Timber Council, the National Building Agency and various local authorities.

During 2001 the Legal Metrology Service took measures to strengthen its taximeter verification function in response to the large increase in taxi numbers resulting from the liberalisation of the taxi industry. These strategies also covered arrangements for verification of taximeters during the changeover to the Euro currency.

**OBJECTIVE I (ii)**

## To address continuing structural weaknesses in the indigenous sector, and to ensure an environment conducive to maximizing its contribution to the economy.

The indigenous sector is a crucial constituent of our economy. Notwithstanding the significant advances achieved by the sector in recent years in terms of sales, exports and profitability and the emergence of high tech growth companies, substantial challenges remain to be addressed in terms of innovation, exporting potential and finance.

Indigenous manufacturing and international services firms showed gross employment gains of 14,000 in 2001 - the third highest recorded in 10 years. While these gains were considerably offset by job losses, employment in the indigenous sector still grew to 148,116 - a net increase of 1,000 jobs.

An estimated 26% of new jobs occurred in the BMW region in 2001 compared with 18% in 2000. Exports for Enterprise Ireland clients are estimated to have increased 5% on 2000 to €11.5 billion. 77 EI clients began exporting in 2001 for the first time.

The sharp downturn in the US economy in 2001 slowed the rate of sales growth by Irish companies doing business in that market. Enterprise Ireland is stepping up its marketing support for client companies in the US in response to market challenges to help improve the positioning of the companies and their business solutions. Effort is also being given to other markets. Asia is growing in importance as a market for Irish companies. During 2001, 50 companies participated in the largest ever trade mission to Japan and more than 80 itineraries were organised in China involving 50

companies. The eur:opp 2003 strategy to develop opportunities for Irish companies in continental Europe was intensified. In addition to in-market action, extensive work was carried out with 120 companies in a highly focussed way to increase their level of business. 48 new presences in Europe were established in the form of sales offices, distributors and assembly operations.

In 2001, Enterprise Ireland continued to help clients build strategic capability within their companies as well as adding capacity based on their structured development. In line with Departmental policy, the focus shifted towards building capability in 2001, in this period €30.9m was expended on capability schemes and €34.4m on enhancing capacity.

In the Shannon Region, client firms of Shannon Development created 1,127 jobs in 2001, although a loss of 1,726 jobs resulted in a small net decrease of 599 jobs overall in client companies.

### City and County Enterprise Boards

Under the two Regional Operational Programmes of the National Development Plan 2000 - 2006, the 35 Enterprise Boards continue to support the development of micro-enterprises. There is a progressive move to "soft" supports such as management development, advice, and training assistance and increasing emphasis on repayability. Emphasis is being placed on manufacturing and services business which have the potential to develop as exporters.

During 2001 the City and County Enterprise Boards:

- ❖ spent €20.15m in grants and other supports to micro-enterprises; and
- ❖ supported the creation of 2,073 full-time and 448 part-time jobs through their client companies.

*“Exports for Enterprise Ireland clients are estimated to have increased 5% on 2000 to €11.5 billion. 77 EI clients began exporting in 2001 for the first time.”*

## InterTradelreland

Facilitation and promotion of North/South trade and business development was strengthened during 2001 through delivery of new interventions by InterTradelreland and through the work of the North/South Ministerial Council in its Trade and Business Development Sectoral Format.

InterTradelreland has convened a Digital Island Group, representative of both administrations on the island, to develop a strategy for consideration and approval by the North/South Ministerial Council. The development of this strategy will encompass the expansion and exploitation of information communication technologies (ICTs) in support of increased business competitiveness across the island.

A programme to stimulate the use of private equity as a means to accelerate business growth in the SME sector was launched by InterTradelreland with a focus, in 2001, on the awareness and demand generation elements of the programme. Business interest in and uptake on InterTradelreland's all-island graduate placement programme (branded as FOCUS and FUSION), which links graduates, third level institutions and business in a marketing and technology transfer collaboration, was – and remains – very encouraging. By end 2001 approximately 50 companies were engaged in the programme while many others had signalled intention to participate in 2002.

The North/South Ministerial Council (NSMC) met on two occasions in Trade and Business Development Sectoral Format, and once in Plenary Format. These meetings addressed many important start-up issues and policy matters relating to the all-island trade/business agenda. At its September meeting the NSMC approved for publication InterTradelreland's first Corporate Plan for the period 2002- 2004. The plan focuses on the generation and dissemination of the knowledge required by business people to expand cross-border trade and to develop the island economy generally.

## Round Table for Small and Medium Enterprises (SMEs)

The Department established a Round Table for SMEs as part of its service to Small Business. The Round Table facilitates exchange of information and ideas on issues affecting the SME sector. Round Tables were held in July and October, 2001 and topics discussed included enterprise policy and the role of the enterprise development agencies, work permits and immigration, and the proposed prompt payments legislation.

## FINANCE FOR BUSINESS

### Business Expansion Scheme (BES) / Seed Capital Scheme

The Department carried out a review of the BES Scheme on foot of which, the Scheme was amended in the Finance Act 2002 to extend its termination date by two years to December 31, 2003 and to increase the amounts companies could raise from €317,434 to €750,000. The changes in the Finance Act will give rise to increased interest in BES investment and help to promote investment in new start up companies. The term of the related Seed Capital Scheme was similarly extended.

### Access to Finance for Small Firms

The funding of activities under the EU Small Business Operational Programme continued into 2001 and included measures to facilitate access by small firms to finance and public markets, adaptation/development of services firms, small business best practice dissemination and training, and the establishment of six pilot first stop shops for business information. The total value of this Programme was €72.7 million which included €13.2 million of Exchequer funding over the period of the Operational Programme.

### Seed and Venture Capital Fund

Enterprise Ireland will invest €95m over the period of the NDP in 12 new Venture Capital funds, which will leverage an estimated €400m for investment in start-up and early stage businesses. A particular feature of the new funds is that 56% of the money available will have a regional or sectoral focus.

**OBJECTIVE I (iii)**

## To maintain and enhance the contribution which Foreign Direct Investment makes towards the balanced development of the Irish Economy.

Foreign Direct Investment (FDI) has had a significant impact on the development and modernisation of the Irish Economy. Ireland has been particularly successful in attracting FDI projects in the high technology sector. Our taxation rates, our infrastructure, and our skills base are all of vital importance in our attractiveness as a location of choice. The competition for FDI is already intense and likely to become more so. Our global approach needs to be more sophisticated in relation both to our needs and our stage of economic development. A more balanced regional development is also imperative in order to reduce the disparities between and within the South and East region, and the BMW (Border, Midlands West) region.

IDA Ireland supported companies continue to be a critical driving force in the economy, through exports of over €47 billion in the year 2000<sup>1</sup> creating direct expenditures in Ireland of over €14 billion a year. Grants paid by IDA Ireland to its client companies was €103million for 2001. The Corporation Tax contribution by IDA Ireland backed companies reached about €1.9 billion, up from over €1.65 billion in 2000.

138,009 people were employed in IDA Ireland supported companies at the end of 2001. The gross gain of 13,514 jobs in the year was more than offset by the loss of 17,535, giving a net loss of 4,021 jobs in the year. This represents a decline of 2.8% in employment in IDA Ireland supported companies and is the first such decline in fifteen years.

<sup>1</sup> Latest available data

The decline in employment was driven by the severe global downturn particularly in the ICT sector where employment in IDA Ireland supported companies declined by nearly 10% in 2001. By contrast, jobs in International Services were up 7.5% and in Pharmaceuticals/Healthcare were up 4.2%.

### Consolidating Existing Base of Companies

A major part of IDA Ireland's work during 2001 focused on consolidating and building on the strategic importance of the 1,200 existing IDA Ireland supported companies. The aim is to ensure that IDA client companies continue to increase their embeddedness in the Irish economy and contribute more to overall corporate success. In particular, progress was made with existing companies in adding high-value research activities to their Irish operations.

During the year, a total of 40 new and expansion investment projects were approved for support by IDA Ireland. These investments show a continuing trend to higher value manufacturing and service-based activities. Investments of this type require continuing improvements in education and skills, and in infrastructure, especially in regional locations.

### Regional Development

During 2001, IDA Ireland in consultation with the Department, initiated a process of restructuring and refocusing. One fundamental change was to focus more sharply on driving growth in the regions. The agency completed an internal restructuring programme and has now relocated nearly one third of its staff into the regions, with key new operational units now in Athlone, Sligo and Waterford. The Agency's aim of securing 50% of all greenfield jobs for the Objective One regions was substantially achieved during the year.

### Industrial Land and Property

During 2001, IDA Ireland completed negotiations and approved major site acquisitions in 10 targeted regional locations. By year-end, site development works had commenced on a number of these new land holdings which are being developed as modern Business & Technology Parks. The agency also continued to work in partnership with private property companies to further

develop facilities at its existing parks. 13 new buildings were completed in 2001 and a similar number are scheduled for completion in 2002.

### Pharmaceutical and Aerospace Sectors

The Department established a liaison group, with the participation of the development agencies and industry, to monitor issues and developments which impact on the pharmaceutical sector, and in particular on its competitiveness and on the attraction of Ireland as an investment base. The Department also established a Round Table to provide a forum for interaction between the aerospace industry, the development agencies and other relevant organisations. A Strategic Review Group has subsequently been established to explore the opportunities for Ireland in this global business.

### EU Tariff Suspension Scheme

The EU Tariff Suspension Scheme provides that companies can avail of import duty suspensions on imports from outside the EU of raw materials/components used in further processing by manufacturers. The scheme applies to the micro-electronics and chemical sectors. Fourteen tariff suspension applications on behalf of Irish industry were finalised in 2001. These applications represent anticipated annual duty savings of €9.8 million. This represents a substantial increase over the previous year, when 5 applications representing anticipated annual savings of €2.6 million were finalised. In 2001, duty savings of many millions also accrued to Irish industry on foot of suspensions negotiated in previous years and still in force.

### International Investment Environment

The Department continued to promote the OECD Guidelines on Multinational Enterprise. These aim to facilitate the creation of a framework for responsible business conduct by multinational enterprises in the global economy. It also participated in developments at EU, OECD and WTO level aimed at the development of rules on international investment which would enhance the environment for transnational investment.

### OBJECTIVE I (iv)

## To promote innovation and product development.

There is clear evidence of the links between investment in Research, Technological Development and Innovation (RTDI) and enhanced economic activity through increased competitiveness, company growth and new company start-ups. The Technology Foresight Report published in 1999 emphasised the need to increase Ireland's attractiveness as a location for R&D activities. In 2001 we achieved the following:

### Research, Technological Development and Innovation Programmes

In recognition of the driving role of RTDI in economic development the Government has made provision in the National Development Plan 2000 – 2006 for the sum of €1.5 billion for industrial development related activities geared towards facilitating the movement of companies up the value chain.

Specific new RTDI programmes are now being implemented. During 2001 expenditure under the two in-company research and development schemes (the Research, Technology and Innovation (RTI) Competitive Scheme and the RTI Capability scheme) significantly increased. A specific promotion campaign for the RTI competitive measure was implemented in 2001. Public expenditure under these schemes leverages a significant amount of investment from the private sector in product and process development and in improving R&D resources within companies.

Funding to support collaborations between colleges and firms increased significantly in 2001 and an improved focus of the funding on an industry-driven research agenda was carried out in 2001. A programme to develop the infrastructure of the Institutes of Technology throughout the regions focussed on providing incubation centres for high potential start-up campus enterprises was launched in 2001.

## Science Foundation Ireland

Science Foundation Ireland (SFI), ([www.sfi.ie](http://www.sfi.ie)), the National Foundation for Excellence in Scientific Research, is responsible for the management, allocation, disbursement and evaluation of expenditure under the Technology Foresight Fund. The Fund provides over €635 million for investment in world-class basic research in strategic areas relevant to economic development, particularly Biotechnology and Information Communications Technology (ICTs) over the period 2000-2006.

During the year the Director General and Board of SFI were appointed. This, together with the announcement of the Director of Information and Communications Technologies Division and the Director of the Biology and Biotechnology Division, completed the top management structure of the Foundation. The Board will, in conjunction with the Director General of SFI, ensure that an appropriate strategy is put in place in order to achieve the high level objectives of the Foundation. Following a First Call for Proposals, 11 projects (8 in ICT and 3 in Biotechnology) were approved for funding of

over €66m over the next five years. This funding will allow the successful Principal Investigators to lead teams carrying out ambitious and far reaching research programmes in Irish education institutions.

In May 2001, SFI announced a further Call for Proposals aimed at outstanding researchers at the level of Principal Investigator and Fellow, the results of which will be announced in 2002.

In 2001 the Department advanced work on draft legislation to establish SFI as an Agency of Forfás.

## Science, Technology and Innovation Awareness Programme

Increased funding for the Science, Technology and Innovation Awareness Programme was provided in 2001. The Programme aims to raise the awareness of science, technology and innovation among the general public and particularly young people, and to highlight their increasingly central role in national and social economic development.



**An Tánaiste Mary Harney with (from left) John Travers Chief Executive Forfás, Dr. Bill Harris, Director General Science Foundation Ireland, and Mr Noel Treacy, Minister for Science, Technology and Commerce.**

The increased funding was concentrated in three main areas of the programme's activities: promotion of key events such as the Innovation Awards and the programme's website [www.science.ie](http://www.science.ie); sponsorship to individuals/groups who undertake specific awareness activities; and the introduction of a "Primary Science Day" in all primary schools. Other important activities during 2001 were:

- ❖ Science Week Ireland.
- ❖ Science and Technology Journalism Awards.
- ❖ Science Quiz on RTE Radio and the RTE Guide Junior Scientist Competition.

## EU Framework Programmes for Research and Development

The European Framework Programme is the EU's main instrument for funding international collaborative research projects. This Department was responsible for developing Ireland's position on the programme. The Fifth Framework Programme (FP5) covers the period 1998-2002. By the end of 2001 Irish researchers had obtained funding of approximately €105m under FP5, with the final figure likely to be of the order of €120m.

During 2001 the Department was involved in the negotiation on the Sixth Framework Programme (FP6), to run from the beginning of 2003 to the end of 2006. One of our main objectives in the ongoing negotiations is to ensure that the structure and content of the new Programme encourage and facilitate the maximum possible participation by the Irish research community and in particular by SMEs.

## European Research Area

The Lisbon European Council of March 2000 adopted an ambitious ten-year goal of making the European Union the world's most dynamic, competitive and sustainable knowledge-based economy and the development of a European Research Area was strongly endorsed by the Summit as a central element of the process to achieve this goal.

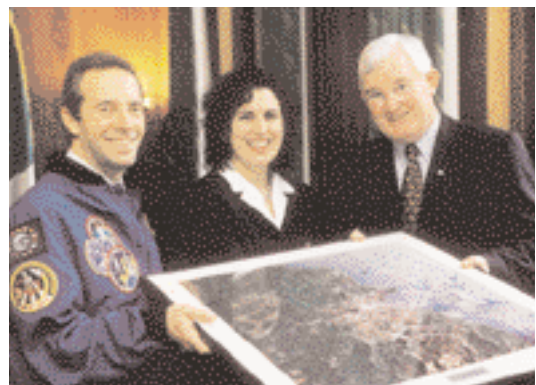
From an Irish perspective we see the further development of effective co-operation, networking and knowledge sharing mechanisms as key objectives of our

European strategy. During 2001 these objectives were pursued through the mechanisms of the Lisbon process, including benchmarking of research and development policies, and promoting increased mobility of researchers.

## European Space Agency

Ireland has been a member of the European Space Agency since 1980. The main objective of membership is to assist Irish companies to develop leading edge technologies through ESA space activities. Ireland participates in ESA programmes in Telecommunications, Launchers, Satellite Navigation, and General Technology support. The national strategy of using ESA contracts as a developmental tool for industry was implemented, introducing an increasing number of Irish companies as first time contractors to ESA. Companies benefit from ESA through technology and intellectual property acquisition and market development. This has generated a commercial revenue for participating companies estimated at €29m in 2001.

Ireland was also an active participant in ESA science programmes in 2001. Irish universities cooperated with Irish and European companies in the ESA Science Programme missions including those to Mars, Comets and the INTEGRAL mission in high-energy astrophysics.



**Astronaut Jean-Francoise Clervoy, along with Ms Clare Mattok of European Space Agency, presenting a satellite image of the Greater Dublin Area to Minister Treacy.**

**OBJECTIVE 1(v)****To promote growth in foreign earnings.**

In 2001, exports continued to be central to Ireland's economic performance. In spite of the difficult international economic situation, exports are likely to have increased substantially for the year as a whole over 2000. Figures for the period January to November show growth of approximately 14% over the same period in 2000.

**IRELAND'S EXTERNAL TRADE PERFORMANCE  
1991 - 2001 (DATA FROM CSO)**

Year	Exports (€m)	Imports (€m)
1991	19,070.10	16,317.20
1992	21,260.30	16,753.90
1993	25,178.50	18,899.70
1994	28,890.90	21,945.30
1995	35,330.10	26,180.80
1996	38,612.80	28,479.50
1997	44,868.00	32,863.50
1998	57,321.80	39,715.10
1999	66,956.20	44,327.10
2000	83,897.70	55,916.90
2001	92,523.30	57,177.50

The overall figure, however, masks a difference in performance between the start of the year, when exports were growing strongly, and the end of the year when growth was much more sluggish. In November 2001, exports were lower than in the same month in 2000, the first such decrease in over five years. This slow export growth is expected to continue in the first part of 2002. However, an international economic upturn, widely expected to have begun by the middle of 2002, would result in exports returning to stronger growth.

In the context of the difficult trading environment the performance of Irish exporters was strong when compared with similar economies. The indigenous sector saw growth in exports for the year of approximately 5% according to Enterprise Ireland preliminary survey data. To ensure continued growth in trade, the Department, in line with the aims of the Strategy Statement achieved the following:

**Promoting Ireland's Interests in Multilateral Trade Negotiations**

Under its Common Commercial Policy (Article 133), the EU negotiates as a single entity at the World Trade Organisation (WTO). Negotiations are carried out in accordance with policy guidelines decided by the Council of Ministers on the basis of proposals developed by a number of committees, which include the Trade Committee (known as the Article 133 Committee).

The Department actively participated at Article 133 Committee meetings throughout the year with a view to ensuring that Ireland's economic and trade interests are promoted in the development of the Common Commercial Policy.

In relation to the WTO, the Department consulted a broad range of interests, including representatives of civil society, in the process of preparation for a new round of trade liberalisation negotiations. The successful WTO Trade Ministerial meeting in Doha, Qatar, in November 2001 culminated in agreement to the launch of a New Round of multilateral trade liberalisation negotiations across a broad range of trade-related issues. The New Round operates within the framework of the Doha Development Agenda.

**Development of Foreign Earnings in Asia and Latin America**

The Asia Pacific Strategy Committee, Chaired by the Department, supported a series of activities to raise the profile of Ireland in Asia. Activities included bringing journalists to Ireland from several Asian countries, developing publications in Asian languages which include essential information about Ireland and distributing them to key economic decision makers, and hosting targeted conferences and seminars at which information about Ireland was presented.

In March 2001, the Tánaiste led a trade mission to Japan which included representatives of over fifty companies; this was Ireland's largest ever trade mission to Asia. The Tánaiste also led a large trade mission to Australia in September.

The visit of Chinese Premier Zhu Rongji in September 2001 provided an additional boost to efforts to build our relations with China. It followed the visit of the Tánaiste to China as the head of a trade mission in September 2000, the visit of Vice Premier Li Lanqing to Ireland in April 2000 and the Taoiseach's visit to China in 1998.

### **Ireland Newfoundland Partnership**

In April 2001, the Board of the Ireland Newfoundland Partnership was appointed. Its main objective is to promote economic and related co-operation between Ireland and the Canadian province of Newfoundland/Labrador. Significant developments in 2001 were:

A Trade/Technology/Research mission to Newfoundland in September was led by the Minister for Science, Technology and Commerce. This mission saw the signing of two Memoranda of Understanding: the Irish Marine Institute and the Canadian Centre for Marine Communications agreed to undertake a joint marine technology project, and the Dun Laoghaire Institute of Art, Design and Technology and Memorial University of Newfoundland will collaborate in distance education projects.

An Educational Bursary Scheme for 15 awards to Irish third level institutions to collaborate with a similar institution in Newfoundland was established.

### **Compliance with Single Market Rules**

In relation to the completion of the Internal Market and the reduction of barriers to trade, the Stockholm European Council highlighted the importance of full transposition of Internal Market Directives and urged that a target rate of 1.5% (for non-transposition) be reached by no later than the 2002 Spring European Council meeting. The latest figures published by the Commission relate to the position at November, 2001. At that time, Ireland had a non-transposition rate of 2.4% - down from 3.3%, 6 months earlier.

### **OBJECTIVE I (vi)**

## **To help industry in Ireland to adapt to the challenges and opportunities posed by the need to adopt increasingly stringent environmental practices.**

Environmental issues have become increasingly significant for industry in recent years. Regulation and control measures covering climate change, sustainable industrial development, waste management and air and water quality are being introduced at both EU and national level. These changed circumstances present both challenges and opportunities for business. The Department has been addressing these issues with a view to minimising any adverse impact on competitiveness and maximising the opportunities for enterprises.

### **Good Environmental Practices for Industry**

The Department worked closely with Enterprise Ireland to support a range of environmental initiatives for client companies, for example, promotion of environmental management systems and environmentally superior products. The Department also co-funded an innovative research project to identify new business opportunities based on the manufacture of products from existing wastes. The concerns of industry were taken into consideration in negotiations on EU environmental initiatives, for example, the proposed Waste Electrical / Electronic Equipment Directive.

The Department initiated and contributed to the work of the Forfás Waste Group, which addressed waste management issues for business. The report of this group (published December 2001) recommends a range of measures on tackling waste management problems.

## Climate Change

The Department initiated measures to assist in moving towards compliance with commitments under the Kyoto Protocol. e.g.

- ❖ Research on taxation, negotiated agreements, emissions trading and flexible mechanisms, was commissioned jointly by the Department and Forfás as a basis for policy development in these fields.
- ❖ The Department worked with the development agencies in developing a procedure for assessing investment projects from an environment perspective.

### OBJECTIVE I (vii)

## To help Irish enterprise to meet the technological, competitiveness and strategic challenges, and exploit the opportunities, posed by the new Information Communication Technologies (ICTs).

The development of Electronic Commerce is rapidly and radically altering how a wide range of economic and social transactions take place. Individuals, firms and Governments are conducting an increasingly broad spectrum of commercial activities over the Internet. The development of eBusiness is being fuelled by a combination of technological, regulatory, economic and social factors. The readiness of companies to adapt to this new environment will have a significant impact both on their future growth and that of the economy.

*“The full results of the survey show that Ireland has the most comprehensive, and widely used online Government services in Europe.”*

## e Europe Action Plan

The eEurope 2002 Action Plan to accelerate the development of the information society in Europe contains 68 recommendations for implementation by end 2002. The Department of An Taoiseach and this Department monitor and co-ordinate the implementation of the Plan by relevant Departments and State Agencies. Details of the plan and the progress being made in Ireland by Departments and State Agencies on implementing the recommendations are available via the Department's website at <http://www.entemp.ie/ece/ebusiness.htm>.

Ireland scored an average of 68% in a recent EU benchmarking survey of e-government services across a range of 20 services. The full results of the survey show that Ireland has the most comprehensive, and widely used online Government services in Europe.

## Broadband Connectivity

The Department, in association with the development agencies, has been working with the Department of Public Enterprise to develop a shared approach to e-infrastructure. This approach is reflected in the second call under the National Development Programme, which concentrated on three areas: the deployment of optical fibre backbone infrastructure, DSL technologies, and the provision of ducting by local authorities in key towns. Results from the call, linked to the Government's new Broadband Strategy, are expected before mid 2002.

In addition, a Working Group established in September 2001 under the Cross Inter-Departmental Team on Infrastructure and Public/Private Partnerships has been asked to identify and agree priorities for action by Government agencies to facilitate the provision of broadband infrastructure and services at the required world-class level in Ireland. The Group's Final Report, produced in the first quarter 2002, has been influential in shaping the Government's new Broadband Strategy.

## E-Business Awareness Initiatives

The Department, in conjunction with its agencies, developed a number of eBusiness initiatives, with an allocation of €11.91m in 2001, to assist Irish companies adopt strategies to harness the full potential of ICTs. The initiatives have had a positive effect on the uptake of ICTs by the business sector as evidenced by an SME eBusiness Survey published by the Chambers of Commerce in September 2001.

Key initiatives implemented are outlined below:

- ❖ The Enterprise Ireland eBusiness Acceleration Fund (established in March, 2000) supported 102 companies and enabled the creation of exemplars, which are being used as case study business models for other companies seeking to develop eBusiness strategies. Enterprise Ireland also raised awareness and provided information / advice to companies seeking to adopt eBusiness through a dedicated eBusiness website ([www.openup.ie](http://www.openup.ie)).
- ❖ The Empower Initiative was implemented by the 35 City and County Enterprise Boards to accelerate the growth of eBusiness in small enterprises. The initiative succeeded in moving participants from awareness through to adoption of new technology, addressing eBusiness skills shortages and encouraging Enterprise Board clients to advance strategies to participate in eBusiness.
- ❖ Forfás, on behalf of the Department, commissioned consultants to monitor the development of eBusiness in Ireland including comparison with other leading countries. A synthesis document drawing on four progress reports was submitted in December, 2001. The eBusiness monitor has acted as a platform for the development of Ireland's Information Society policy.
- ❖ The primary objective of the Chambers of Commerce of Ireland (CCI) SME project was to build eBusiness capacity within that sector through delivering awareness building and training activity. The work carried out by the CCI, was complementary to that undertaken by state agencies and business support organisations.
- ❖ The National Accreditation Board completed the development of an accreditation scheme for electronic signature certification service providers which complies with specific relevant international technical standards and with the provisions of the E-Commerce Act (Ireland) 2000.



LABOUR MARKET

# strategic goal TWO



**To promote quality employment, meet the labour supply and skill needs of the economy, foster social inclusion, protect the welfare of workers, facilitate industrial peace and promote social policy as a productive factor.**

## LABOUR MARKET

Rapid growth in the economy has resulted in significant gains in employment with employment levels doubling over the last ten years. Skills and labour shortages manifested themselves, particularly during recent years, with consequent upward pressure on wages particularly for the higher skilled, although these effects have been somewhat ameliorated by the slowing of growth during 2001. The medium term outlook suggests that the labour market will remain tight.

At the end of 2001, the total number of persons at work in Ireland<sup>1</sup> was 1.753 million. This represented an annual rate of increase in employment of 2.5%. The unemployment rate was 4% compared to 3.9% one year earlier, while the long-term unemployment rate was 1.2% compared to 1.4% a year earlier.

The continuing relevance of our Strategy Statement and associated labour market policies were reviewed by the Department with representatives of Business, Unions, the EU and the wider Social Partners in 2001 in light of the recent changes in the economy and the labour market environment. It was agreed that the broad thrust of labour market policies which focus on upskilling, lifelong learning, mobilisation and on efforts to re-integrate those who remain long-term unemployed or who are otherwise excluded from the labour market remained appropriate to today's circumstances.

With a rapidly expanding workforce, the Department also continued in 2001 to establish, inform and protect employment rights, including ensuring a regime for health and safety as provided for in legislation, and to foster good industrial relations. Our Labour Market Goal has been progressed through the following Objectives and actions:



<sup>1</sup> Quarterly National Household Survey (QNHS) 4th quarter

**OBJECTIVE 2 (i)****To promote employment growth and employment for all who seek it**

The Department's Strategy Statement set a performance indicator of increasing the employment rate above the prevailing rate at the time of 62.5%. In the third quarter of 2001 the employment rate in Ireland<sup>2</sup> reached 67.4%. This compares with an employment rate of 66.9% twelve months previously. This compares with an EU average of 63.3% for 2000<sup>3</sup>.

**EU Employment Strategy & Guidelines & the National Employment Action Plan**

This Department has responsibility for the preparation of Ireland's National Employment Action Plan (NEAP). The 2001 Irish NEAP, was prepared in consultation with other relevant Government Departments and the Social Partners and submitted to the EU as required under the EU Employment Strategy. The plan gave rise to three recommendations from the European Commission: to increase labour supply and employment rates; to sustain productivity growth and upgrade skills and qualifications in the workforce; and to address imbalances in employment, unemployment, job creation and human capital endowment between various areas in Ireland. Specific actions taken to address these three Recommendations are detailed here.

**European Social Fund (ESF)**

The Department is the lead Department for the administration of the ESF in Ireland. It is also responsible for the development of the Employment & Human Resources Development Operational Programme (EHRDOP) and the OP's monitoring and implementation. During the current NDP period (2000-

2006), Ireland will receive more than €1bn from the ESF to support employment and human resources development, €900m of which will be invested in the EHRDOP. The Department also oversees all activity in relation to the operation of the ESF-supported EU-wide EQUAL Community Initiative in Ireland.

In Ireland, ESF assistance is allocated across four Operational Programmes and the EQUAL Community Initiative Programme, as follows:

<b>Programme</b>	<b>2000-2006 ESF Allocations €million</b>
Employment & Human Resources Development Operational Programme	901.9
Border, Midland & Western Regional Operational Programme	33.1
Southern & Eastern Regional Operational Programme	82.3
EU Programme for Peace & Reconciliation	40.1
EQUAL Community Initiative	33.9
<b>Total</b>	<b>1,091.3</b>

A priority in 2001 was to put in place the structures to effectively execute Ireland's ESF responsibilities in compliance with EU Regulations. To this end, we established as discrete units within the Department the ESF Paying Authority, the EHRDOP Managing Authority, and the EQUAL Community Initiative Managing Authority.

The Paying Authority is primarily responsible for ensuring the sound and efficient financial management of the ESF while the EHRDOP Managing Authority is charged with co-ordinated management of the monitoring and implementation of the EHRD-OP. The OP aims to support our broad Labour Market objectives within the context of Ireland's National Development Plan through its commitment to investing the €14.2b of State and EU resource in initiatives directed at enhancing our labour force's employability, entrepreneurship, adaptability and gender equality. This amounts to almost 25% of total NDP investment.

<sup>2</sup> For the 15-64 age group, which is comparable to European data

<sup>3</sup> Latest comparative data is for 2000

A range of some 50 measures in the OP are delivered through Government Departments and other Agencies in support of the Programme's objectives. More detailed information on the ESF, the EHRD-OP and the EQUAL Community Initiative can be found on the Department's website or at [esf.ie](http://esf.ie) and [equal-ci.ie](http://equal-ci.ie).

A notable achievement in 2001 was the first draw-down of ESF funds (€76m) under the 2000-06 round of structural funding.

### FÁS Budget and Activities

In 2001, FÁS expenditure totalled €836m comprising €159m from the National Training Fund, €89m from the ESF, €580m directly from the Exchequer and a balance of €8m from other sources. During 2001, a total of 93,892 people completed either training or employment schemes with FÁS of which, 44% were women and 50% were long-term unemployed or socially excluded persons.

### New FÁS Strategy

In response to the changed labour market conditions, FÁS engaged in a strategic review and published its new strategy in December 2001 in consultation with the Department. Key elements of the new strategy include:

- ❖ A significant emphasis on services to employers and employed people.
- ❖ A greater focus on mobility and flexibility, through the "upskilling" of the workforce.
- ❖ The promotion of employment through greater mobilisation of labour supply from all available sources.
- ❖ Continuing to improve services for unemployed people particularly those who are marginalized with an emphasis on:
  - a focussed approach, tailored to individual needs;
  - using the Employment Service as a "gateway" to all labour market services;
  - a guarantee of service to unemployed people.

### OBJECTIVE 2 (ii)

## To mobilise labour supply in the quantity and of the quality needed to secure a consistent, strong, sustainable and non-inflationary level of economic growth.

In 2001 the Department continued to work with FÁS, Forfás and the Expert Group on Future Skills Needs (EGFSN) to address the issues impacting on our ability to mobilise labour supply in the economy. The Department established a Labour Market Intelligence forum, which facilitates the interaction of the Department with its key agencies in this field, namely FÁS and Forfás. The aim of the forum is to facilitate the Department and its Agencies to better share their analysis of what is happening in the labour market so that we can continually attune our broad labour market policies and our specific programmes more efficiently and effectively to the benefit of both employees and employers.



An Tánaiste Mary Harney and Rody Molloy, Director General, FÁS at the launch of the new FÁS Strategy.

## Skills Shortages

The Expert Group on Future Skills Needs was reconvened with a formal mandate from the Tánaiste and the Minister for Education and Science during 2001. In addition, a new joint secretariat was established in Forfás to support and facilitate the work of the group. The Expert Group issued its third report in July of 2001. The report focused on the following skills areas: Construction, ICT Skills, Researchers and Life Sciences. A key theme running through the recommendations of the Group was the need for upskilling of those already in employment, especially in the ICT and Construction sectors. Copies of the Third Report are available from Forfás and further details of the Group's work are at [www.skillsireland.ie](http://www.skillsireland.ie).

The analytical resources available to the Expert Group were strengthened through the establishment in FÁS of a new Skills and Labour Market Research Unit.

## Economic Immigration

Over 36,400 Work Permits were issued by the Department during 2001, compared with 18,000 the previous year and 6,200 in 1999. 82% of 2001 permits were new, with the balance of 18% being renewals. In addition, 3,650 fast-track Working Visa/Work Authorisations were issued in 2001 and arrangements were put in place to further expand the latter scheme in 2002.

The average number of applications received increased from 350 per week in 2000 to 825 per week in 2001. Despite the allocation of additional staff and resources to the area, the surge in applications meant that it was not possible to achieve the Department's aim of reducing the waiting period for issue of permits.

Taking account of the fact that the increased demand for work permits contrasted with a rise in job losses in the domestic economy, the Department brought forward new procedures<sup>4</sup> whereby employers seeking to engage non-EEA workers are now required to advertise all job vacancies with FÁS for a period of four to six weeks. The aim is to ensure maximum mobilisation of labour from within the EU/EEA before having recourse to the work permits scheme.

<sup>4</sup> Introduced January 4th 2002

The Department also substantively advanced its work on drafting new legislation to modernise the statutory base underpinning our work permit regime. With the current legislation governing this area dating as far back as 1935, there is an acknowledged need to develop a more modern and transparent system better suited to the needs of the modern dynamic economy. That work culminated in the approval by Government in late March 2002 of the "Heads" of a new Bill and work on drafting the legal text of the new legislation is to proceed during 2002.

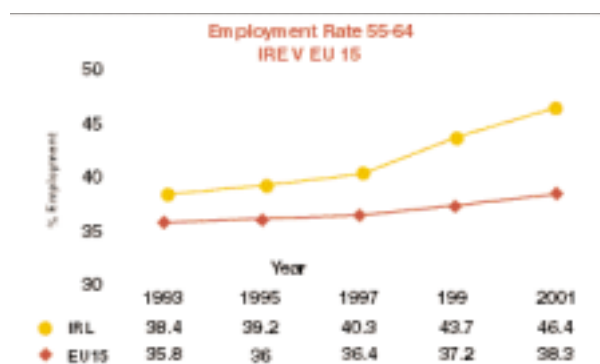
## Focus on female population as potential source of labour supply

The thrust of national policies to increase female participation in the labour force is set out in the National Employment Action Plan 2001. Female participation in the labour market continued to grow strongly in 2001, as shown in the following table, and the female employment rate now equals the European average<sup>5</sup>.

	4th Quarter 1999	4th Quarter 2000	4th Quarter 2001
In Employment '000s	669.9	702.9	728.7
Employment Rate (%)	44.6%	46.0%	46.8%
Participation Rate (%)	47.1%	47.6%	48.6%
Unemployed	35,700	27,400	27,700

## Older Workers

Ireland currently enjoys one of the most favourable employment rates in the EU for those between the ages of 55 and 64 (see graphic).



<sup>5</sup> The employment rate represents those in employment as a percentage of those aged 15 years or over. These rates are not comparable to those used for European comparisons as these measure the employed population aged between 15 and 64 as a percentage of the population for the same age group.

Demographic projections, as well as changing and varying attitudes to work and retirement mean that a strategic approach towards recruiting, retaining and facilitating this group needs to be adopted. The imperative of mobilising labour supply from this group should be viewed as mutually compatible with their requirements for equality and social justice, thereby facilitating choice when the time comes for those in older age groups to make the decision whether to stay in work or reap the benefits of pension entitlements they have gained over their working life.

### OBJECTIVE 2 (iii)

## To enhance labour quality in order to strengthen the employability of the individual and to promote competitiveness and adaptability in firms.

Globalisation of markets and rapid technological advances continue to have major implications for the types of jobs being created, the way services are delivered and the way businesses are organised. At the level of the firm this requires the ability to adapt to these changes and, for the individual, ongoing upskilling and lifelong learning will be necessary to protect and enhance employability.

### National Training Fund

The National Training Fund was established under the National Training Fund Act, 2000, as a dedicated fund to finance a range of schemes aimed at raising the skills of those in employment, providing training to those who wish to acquire skills for the purposes of taking up employment and providing information in relation to existing, or likely future, skills requirements in the economy. Total receipts to the Fund in 2001 amounted to €200 million, including a transfer of €11.7

million held by FÁS in respect of the former Levy Grant schemes which were abolished under the National Training Fund Act, 2000. In 2001, the National Training Fund supported schemes operated by FÁS, Enterprise Ireland, IDA Ireland, Shannon Development and Skillnets.

### Training Networks Programme "Skillnets"

The Training Networks Programme was established in 1999 as a pilot initiative to test the effectiveness of an enterprise-led approach to training in the workforce. The programme is operated by Skillnets Ltd., an independent company with a management board which reflects state, employer, trade union and business stakeholder interests.

The Training Networks Programme is primarily funded by the Department through the National Training Fund, supplemented by ESF support. Funding provided by the Department for the programme in 2001 amounted to €4.3 million. In 2001, the Department commissioned an external evaluation of the Programme with a view to considering its future. Some of the key findings of the evaluation were:

- ❖ The Training Networks Programme has funded 60 networks since 1999. The average size of the networks was 46 companies.
- ❖ Over 2,300 companies have been involved in the programme and in excess of 12,800 people have benefited from training.
- ❖ Companies with less than 50 employees represented 73% of the companies in the programme.
- ❖ Over half of the responding networks had a high percentage of companies that were new to planned training.
- ❖ As a result of their experience in the Training Networks Programme, many companies intend investing in more training in the future.
- ❖ Skillnets approved grants of €10.67million to the networks. Participating companies invested a further €5.48million in the projects.

## Apprenticeship

The upward trend in Apprenticeship numbers since the mid 1990's was maintained in 2001, with the Apprenticeship population increasing by some 6% to over 25,000 at year-end. This has placed extra demand on FÁS and on Institutes of Technology, both of whom provide off the job training to apprentices. In response, FÁS increased its capacity from 7,024 places in 2000 to 7,800 in 2001, while the Institutes expanded the available places from 9,600 to 11,700 in the same period.

## National Training Advisory Committee

The National Training Advisory Committee was established by the Tánaiste in November 2001 to advise on the overall strategy for enterprise training in Ireland, to identify best practise on enterprise training and its application to public policy; and to advise her on the priority training needs of the enterprise sector, and the National Training Fund. The Department provides the secretariat to the Committee, which held its inaugural meeting in December 2001.

## Lifelong Learning

In 2000, the Department established a Task Force on Lifelong Learning, in conjunction with the Department of Education & Science, to examine a number of aspects that relate to lifelong learning. The Task Force was charged with identifying existing lifelong learning provision, mapping that provision in terms of its adequacy, and identifying, proposing and costing priority actions on lifelong learning. Two Sub-Groups were established to carry out detailed examinations of the issues of "Access and Barriers to Lifelong Learning", and "Workplace Learning". The Sub-Groups submitted their reports to the Task Force in 2001 and the work of the Sub-Groups was taken into account in drafting the Task Force's report. The Task Force will present its final report to Government in the first half of 2002.

In addition to the Task Force, the Department worked with the Department of Education & Science, to facilitate a national consultation process on the European Commission's Memorandum on Lifelong Learning, culminating in a Consultative Forum held in Dublin Castle on 21 May 2001. Full details of the outcome of this process are available at [http://www.gov.ie/educ/generalpolicy/further\\_ed\\_toc.htm](http://www.gov.ie/educ/generalpolicy/further_ed_toc.htm)

## Establishment of new National Qualifications Structures

All of the three qualifications bodies provided for under the Qualifications (Education and Training) Act, 1999, i.e. the National Qualifications Authority of Ireland (NQAI) and Further and Higher Education and Training Awards Council (FETAC and HETAC), were formally established by the Minister for Education and Science during 2001. The Department and FÁS worked on interim committees to establish the new structures, and, as provided for under the legislation, the Tánaiste and Minister for Enterprise, Trade and Employment is represented on all three bodies.

Two of the NQAI's key objectives - the establishment of a national framework of qualifications and the promotion of access, transfer and progression - are central to the realisation of this Department's policies in the Lifelong Learning area. In 2001, the Department contributed substantially to the work of the new structures and to the consultation process embarked on by the NQAI on the establishment of a framework.

**OBJECTIVE 2 (iv)**

## To promote the economic and social inclusion of excluded persons, eliminate long-term unemployment and to prevent future drift into long-term unemployment.

The Department's quantitative objective is to effectively eliminate long-term unemployment.

The table below illustrates comparative data on the rate of long-term unemployment since 1999.

	4th Quarter 1999	4th Quarter 2000	4th Quarter 2001
Absolute Numbers	36,000	24,200	21,300
LTU Rate (%)	2.1%	1.4%	1.2%

### The Preventive Strategy

Under the EU Employment Guidelines, the Government is committed to:

- ❖ Intervening with all unemployed young people before they reach 6 months of unemployment with a view to offering them a job, training or other employability support.
- ❖ Intervening with all adult unemployed before they reach 9 months unemployment, with a view to making a similar offer to them.

The results from the activation process have been extremely positive. At the end of December 2001 the following outcomes were achieved:

- ❖ Of the 6,880 under 25s approaching 6 months on the Live Register referred to FÁS, 4,396 (58%) had signed off the Live Register at the end of December 2001.
- ❖ Of the 6,471 25-34 year olds approaching 9 months on the Live Register referred to FÁS, 3,869 (60%) had signed off the Live Register at the end of December 2001.

- ❖ Of the 5,333 35-44 year olds approaching 9 months on the Live Register referred to FÁS, 3,117 (58%) had signed off the Live Register at the end of December 2001.
- ❖ Of the 3,820 45-54 year olds approaching 9 months on the Live Register referred to FÁS, 2,201 (58%) had signed off the Live Register at the end of December 2001.

### National Anti Poverty Strategy

Unemployment, and in particular long-term unemployment has long been identified as a fundamental cause of poverty. Despite the significant reduction in unemployment in recent years, labour market participation levels and job progression rates among certain marginalized and excluded groups still give rise to concern. The Department contributed to the review of the National Anti Poverty Strategy under the aegis of the Programme for Prosperity and Fairness (PPF). The review involved extensive consultations between government, agency and social partners representatives under six themes: educational disadvantage, employment, rural poverty, urban disadvantage, housing/accommodation, and health.

The key employment targets contained in the Government's response to the Revised National Anti Poverty Strategy, entitled 'Building an Inclusive Society' as published at the end of February, 2002 are:

- ❖ The elimination of long-term unemployment as soon as circumstances permit but in any event not later than 2007.
- ❖ A reduction in the level of unemployment experienced by vulnerable groups towards the national average by 2007.
- ❖ The achievement of objectives set out in the National Employment Action Plan.

### High Supports Process for People with Employability Barriers

The development of a High Supports process, as envisaged under the PPF, was concluded at the end of December, 2001. The purpose of the High Supports process is to provide appropriate supports to meet the needs of those people, who because of age, literacy or other barriers are unlikely to succeed in getting, and keeping a job in the open labour market.

The High Supports process builds on the existing guidance and counselling services provided under the dual stranded National Employment Service to help people to become job ready.

## The Social Economy Programme

The Social Economy Programme supports the development and operation of enterprises that provide locally demanded services in and for disadvantaged communities and meaningful employment opportunities for long-term unemployed and other disadvantaged persons. The NDP provides for expenditure of €270.5 million on the programme for the period 2000-2006. Expenditure on the programme in 2001 was €6.62 million. The target of the Programme is to create 2,500 jobs by 2003.

By year-end 2001, a total of 575 applications for business plan grant support had been received, a total of 446 business plan grants were approved and 173 social economy enterprises were approved for full grant funding under the Social Economy Programme. A total of 76 enterprises had commenced operations by the end of 2001 employing over 300 grant-supported employees.

## Employment and Training of People with Disabilities

Policy responsibility for the vocational training and employment of people with disabilities transferred to this Department in June 2000, as part of the Government's policy of mainstreaming services to people with disabilities. The Department's policies in this area are being developed through a three dimensional approach:

- Firstly, to develop the skills of people with disabilities for employment.
- Secondly, to stimulate awareness amongst employers of the contribution which people with disabilities can make to their businesses.
- Thirdly, to provide a range of employment supports for people with disabilities and employers.

A substantial number of developments were progressed in 2001 to progress this approach:

- Training allowances for people with disabilities in the FÁS system were standardised from July 2001, eliminating anomalies which existed prior to the transfer of services to FÁS.
- An additional Training Bonus of €31.75 per week was also introduced from July 2001 for people with disabilities, at a full year cost of €3.23 million.
- Extra funding of €1.5 million was provided in Budget 2001 for specialist agencies who deliver training to some 2,000 people with disabilities and payment arrangements for these agencies were also streamlined.
- FÁS agreed progression targets with the specialist agencies. The target rate for progression to employment is 50% of trainees (compared to an actual out-turn of approximately 33% in recent years). The target for progression to further training, education or Community Employment programmes is 30%. The target for other progression options (e.g. Health Board services and Programmes or voluntary work) is 20%.
- Additional funding of €1.52m was made available for the national Supported Employment Programme and for other innovative approaches to training and employment of people with disabilities. By the end of 2001, a total of 24 projects had been approved for funding by FÁS under the Supported Employment Programme, which was launched in July 2000. These projects have the potential to place up to 800 people with disabilities in open employment.
- A new Disability Awareness Training Support Scheme was introduced by FÁS. This scheme is available to employers to help with the integration of people with disabilities into the workplace.
- The Department concluded a funding agreement with ICTU and IBEC for a project to promote the employment of people with disabilities in the private sector. We will provide funding of up to €888,820 to the initiative up to the end of March 2004.
- The Department commissioned a review of Sheltered Employment in Ireland. The findings of this review will help to inform policy decisions to be taken in 2002 on the potential for sheltered employment as an option for people with disabilities.

## Community Employment (CE)

Community Employment (CE) is one of the main programmes aimed at assisting long-term unemployed people to re-engage with the labour market. In 2001, participation levels on CE continued to be gradually reduced, following the Government's 1999 decision to restructure the programme and to move the emphasis away from work experience programmes to programmes with a greater level of training content. The latter have demonstrated higher levels of progression to employment. By year-end CE participation levels had reduced to 30,809, compared to 33,549 at the end of 2000.

In 2001, the mainstreaming of CE services in schools commenced. This involves a phased reduction in 4,500 CE positions in schools over the period 2000 to 2004 and the transfer of associated funding to the Department of Education and Science. This funding is being provided directly to schools to purchase services previously supplied by CE participants.

Discussions on the mainstreaming of CE in the health services on a similar basis were brought to an advanced state with the Department of Health and Children by the end of 2001. Mainstreaming of these services is likely to commence in the 2nd quarter of 2002. Consideration was also begun in 2001 of plans to mainstream environmental services and CE services in Gaeltacht areas.

A small number of individuals continue to experience difficulties in getting jobs following their participation on CE. This is usually due to age, health, literacy, numeracy problems, or a lack of suitable jobs locally. In recognition of this the three-year limit on participation for people over 50 years of age in certain cases has been removed. In addition, FÁS has been given the flexibility to offer a further period of participation of up to one year for those in the younger age groups who are also experiencing difficulty in obtaining employment.

## New Approaches to Inequality and Discrimination in the Labour Market

In 2001, the Tánaiste launched Ireland's participation in the EQUAL Community Initiative. The initiative has a clear labour market focus as part of the broader integrated EU strategy to combat discrimination and social exclusion.

21 EQUAL Development Partnerships (out of a total of 62 applications) were selected for ESF funding in the current round. The types of programmes being undertaken by the 21 Partnerships include:

- ❖ The reintegration of disadvantaged groups into the labour market through integrated and innovative labour market and educational interventions.
- ❖ Effecting structural and attitudinal change within organisations.
- ❖ Developing and promoting innovative and inclusive business creation skills and opportunities in both urban and rural areas.
- ❖ Supporting self-employment among specific target groups (women, travellers, refugees, lone parents).
- ❖ The promotion of life-long learning practices and diversity awareness in the workplace including family friendly practices and measures to enable asylum seekers to interface effectively with the local community, local and National Authorities.

A key goal of the EQUAL Programme will be the capture and transfer of best practice and learning to National policy level.

**OBJECTIVE 2 (v)****To develop and promote fair standards of employment, including statutory provisions.**

One of the Department's key functions is to protect those rights of employees which are established in legislation. A range of such employment rights currently exist which provide a broad degree of protection for employees and act as a platform for developing social policy. In a changing economy and society, the legislative underpinning of these rights must evolve to maintain their relevance and appropriateness. In 2001 a number of pieces of Employment Rights legislation were progressed as follows:

- ❖ The Carer's Leave Act 2001 provides for a new entitlement for employees to avail of up to 65 weeks unpaid leave from their employment to enable them to care personally for persons who require full-time care and attention.
- ❖ The Protection of Employees (Part-Time Work) Act 2001 outlaws discrimination against part-time workers vis-à-vis comparable full-time workers on the ground of their part-time status. It also aims to facilitate access to part-time work on a voluntary basis, to improve the quality of part-time work and generally to contribute to the flexible organisation of working time in a manner which takes into account the needs of employers and workers.



**Minister Kitt with Eimear O'Connor and Colette Larkin from the Department's Employment Rights Information Unit, at the launch of the Explanatory Booklet on the Protection of Employees (Part-Time Work) Act 2001.**

The Department also facilitated the drawing up of a Code of Practice concerning the Employment of Young Persons in Licensed Premises. The main purpose of the code is to set out for the guidance of employers and employees the duties and responsibilities (including statutory obligations) in relation to the employment of young persons on general duties in licensed premises.

The Code of Practice covers 16 and 17 year olds, including all second level students (excluding bar apprentices in the licensed trade) who are employed at any time in licensed premises.

**Legislation to transpose Council Directive 1999/70/EC – Framework Agreement on Fixed-Term Work concluded by ETUC, UNICE and CEEP**

The purpose of this legislation is to improve the quality of fixed-term work by ensuring the application of the principle of non-discrimination. It also aims to establish a framework to prevent abuse arising from the issue of successive fixed-term employment contracts or relationships. During 2001 formal consultations on the Fixed-Term Work Directive were commenced with IBEC and ICTU and other interested Government Departments.

**Legislation to transpose Council Directive 2002/23/EC**

This Directive consolidated existing EU legislation in the area of the protection of employees' rights on the transfer of undertakings (The principal Directive 1977/187/EEC and the amending Directive 1998/50/EC).

The 1998 amending Directive was repealed without prejudice to the obligation on Member States to achieve the results required by it by July 17, 2001. Legislation to achieve those results is currently being prepared. A Discussion Document containing the views of the Social Partners on the Directive's requirements and outlining the Department's proposals in respect of the substantive issues raised was produced, in addition to a draft set of Ministerial Regulations under the European Communities Act, 1972.



Minister Kitt with (left) John Power, Chief Executive, Irish Hotels Federation and (right) Liam Berney, Industrial Officer, ICTU, at launch of Code of Practice for Young Persons Working in Licenced Premises.

## Review Of The Employment Agency Act, 1971

Work continued during 2001 on the review of this legislation and preliminary proposals were drawn up by year's end. As regards the current operation of the Employment Agency Act, 585 licences were issued in 2001 compared with 396 licences issued in 2000.

## Whistleblowers (Protection) Bill 1999

The purpose of the Bill is to protect employees from civil liability or penalisation by their employers for disclosing to certain other persons, information relating to serious wrongdoing, which has come to their knowledge during the course of their employment,

In early 2001 extensive amendments were prepared based on consultations with all Government Departments. In August 2001, after obtaining approval from the Government, the amendments were forwarded to the Office of the Parliamentary Counsel for drafting with a view to being introduced at Committee Stage.

## National Minimum Wage

The National Minimum Wage rate increased from €4.59 per hour to €5.97 on 1 July, 2001. An information campaign to publicise the increase was conducted in 2001.

The Department commissioned the ESRI to carry out a survey of firms to establish the impact of the National Minimum Wage since its introduction. While the survey found a very high level of awareness of the national minimum wage, its main finding was that an estimated 5% of employees benefited as a direct result of the introduction of the National Minimum Wage. This lower than anticipated figure came against the background of the strong performance of the economy and the tightening labour market which had put an upward pressure on wage rates in all sectors in the period.

## National Framework Committee for the Development of Family-Friendly Policies

The Department chairs the National Framework Committee for the development of Family-Friendly Policies. The committee was established under the PPF to support and facilitate family friendly policies in the workplace. Funding of €1.9million is available for the work of the Committee for the period 2000-2002, under the National Development Plan.

The committee undertook the following initiatives to raise awareness and support the development of family friendly working arrangements:

- ❖ The first Family-Friendly Workplace Day was held on 1 March 2001.
- ❖ A new interactive website, [www.familyfriendly.ie](http://www.familyfriendly.ie), was launched and an information brochure published.
- ❖ A newsletter, 'Family-Friendly News' is published quarterly.
- ❖ Regional seminars for employers, employees and trade union representatives were held to disseminate information, illustrate best practice and to receive feedback.
- ❖ The Committee decided to provide a consultancy service and also direct financial assistance to organizations interested in developing family-friendly working arrangements.

## International Labour Organisation (ILO)

Ireland was represented at the 89th Session of the International Labour Conference in June 2001 by a delegation, representing the Government, Trade Unions and Employers. The Session adopted a Convention (No. 184) concerning Safety and Health in Agriculture and its associated Recommendation (No. 192) on Safety and Health in Agriculture. A Resolution concerning Social Security was also adopted at the Conference. In addition, Ireland played an important role during the special plenary session debate concerning the ILO Director General's 2nd Global Report on the Elimination of all Forms of Forced or Compulsory Labour.

## Council of Europe

During 2001, Ireland continued to report regularly on how it implements the Council of Europe's Social Charter and to answer questions at the Governmental Committee of the European Social Charter on its Reports. In particular, Ireland's 19th Report was the subject of detailed discussions at the meeting of the Governmental Committee of the European Social Charter held in October 2001.

## OBJECTIVE 2 (vi)

# To continue to assure and enforce employee's statutory rights and entitlements and to provide effective mechanisms by which workers can vindicate their legal rights.

An efficient and effective enforcement capability is essential for on the ground delivery of the entitlements, protections and guarantees provided for in the body of employment rights legislation. The Department ensures compliance with employment rights legislation through means of inspections, assisting complainants to obtain their entitlements, information dissemination and, where necessary, legal action. The Employment Appeals Tribunal is a key instrument for validating the rights of employees.

*"The Inspectorate responded to new demands arising from the rapid increase of immigrant workers being recruited...."*

## Labour Inspectorate

During 2001 the Labour Inspectorate carried out a total of 6,474 inspections, of which 708 were conducted at night (14,167 in 2000 and 5,946 in 1999). The Inspectorate collected arrears of monies underpaid to employees in respect of wages, overtime, holiday pay etc., amounting to €518,000, an increase of 44% on 2000. The respective figures for 2000 and 1999 were €361,000 and €280,000.

During 2001, 31 cases were referred to the Chief State Solicitor's Office for prosecution. 26 cases were successfully concluded in the year, leading to 17 convictions and fines including, in most instances, the awarding of expenses and costs. A total of €5,661 due to employees was recovered through these legal proceedings. A further 4 cases were settled or withdrawn.

Staff resources in 2001 focused on the conduct of time consuming, but important investigative work. The Inspectorate responded to new demands arising from the rapid increase of immigrant workers being recruited and placed in employment across all sectors of the economy.

A Business Process Re-engineering Project undertaken by PriceWaterhouse Coopers produced recommendations to improve responsiveness and interaction in all areas of the inspectorate. Implementation of these recommendations commenced in the latter part of the year.

## Enforcement of Employment Rights Legislation

In 2001, 78 new cases were received for processing by the Minister on behalf of employees seeking the enforcement of awards of the Labour Court or the Employment Appeals Tribunal. A total of 30 cases were referred to the Chief State Solicitor to institute legal proceedings. A total of 53 cases were resolved, of which 35 were finalised following referral to the Chief State Solicitor's Office and 18 cases were resolved without the need for legal proceedings. €118,405 due to employees was recovered as a result of these Ministerial interventions.

In all, a total of €642,066 of monies due to employees was recouped by the combined units during 2001.

## Insolvency Payments Scheme

The objective of the Insolvency Payments Scheme, is to protect certain outstanding pay-related entitlements due to employees in the event of the insolvency of their employer.

In 2001 (2000 figures in brackets), over 6000 (3,295) applications for entitlements were processed from 3110 (2,054) employees involving 194 (145) employers who had become insolvent for the purposes of the above mentioned Acts.

In 2001, over €5m was paid under the scheme compared with €1.9m in 2000. Payments were made under the following headings: minimum notice, arrears of holiday pay, wages and pension contributions etc. The amount recovered, mainly through priority debts, was €0.26m in 2001 compared with €0.8m in 2000.

## Operation of the Redundancy Payments Scheme 2001

Numbers of proposed redundancies notified to the Department under the Redundancy Payments Acts during 2001 totalled 19,828 compared to 13,316 in 2000, a significant increase of 49%. In addition to redundancies in the traditional areas such as clothing, footwear and textiles, there have also been redundancies in the ICT sector.

Rebates of statutory redundancy lump sums paid from the Social Insurance Fund to employers in 2001 amounted to €22,372,702 compared with €19.9million in 2000. During the year €5,729,192 was paid directly to workers where employers had failed to pay statutory redundancy lump sums compared with €1.8million in 2000. In these cases the Department, on behalf of the Fund, claims and endeavours to recover the appropriate amounts from the employers concerned. A total of approximately €170,893 was recovered from employers in respect of monies owed to the Fund by way of redundancy lump sums paid directly to employees compared with €267,000 in 2000.

The Redundancy Payments Scheme was kept under review during 2001. New regulations raised the ceiling on annual reckonable earnings to be taken into account in the calculation of a statutory redundancy lump sum payment from €19,807.91 (€380.92 per week) to €26,410.55 (€507.90 per week).

### Collective Redundancies

Collective Redundancy notifications under the 1977 Protection of Employment Act amounted to 16,490 compared to 5,890 in 2000. This large increase was due to a higher level of redundancies as well as greater compliance with the Act. In each case, the local FÁS office was contacted by the Department to facilitate early interaction with the newly redundant workers leading to employability and training supports.

### Payments to Certain Former Employees of Irish Hospitals' Trust (1940) Limited

Under the Hospitals' Trust (1940) Limited (Payment to Former Employees) Act, 2000 a final round of once-off payments equivalent to of €25,395 were made from the Exchequer in 2001, bringing the total number of employees benefiting under the Scheme to 153 and the total amount payable under the Act to €3,885,398.

### Review of the Safety, Health and Welfare at Work Act, 1989

A comprehensive review of the Safety, Health and Welfare at Work Act 1989 was completed by the Health and Safety Authority in Spring 2001. Based on the findings and conclusions of this Review, work began on developing specific legislative proposals to strengthen and update statutory health and safety provisions focusing, in particular, on issues of offences, penalties and safety representation. This process will continue in 2002.

### Safety in the Construction Sector

The Construction Safety Partnership continued its work in 2001 in overseeing the implementation of the recommendations contained in its Safety Plan. The main elements of the Plan cover Safety Management, Safety Training and Safety Consultation.

Under the auspices of the Partnership, the Safety Representative Pilot Project continued. Two facilitators were appointed by CIF and ICTU to develop consultation between site management and workers on selected construction sites. The project has resulted in the provision of training for over 200 Safety Representatives as well as the wide-scale distribution of information to construction workers. The project was renewed in 2001 for a further two-year period.

One of the most important developments in relation to health and safety standards in the construction sector was the introduction of the revised construction regulations. The Safety, Health and Welfare at Work (Construction) Regulations, 2001, (S.I. 481 of 2001) are significant in that they introduce for the first time the concepts of mandatory safety training and safety representation for workers in the sector.

*"...work began on developing specific legislative proposals to strengthen and update statutory health and safety provisions...."*

### Task Force on the Prevention of Workplace Bullying

The Task Force on the Prevention of Workplace Bullying completed its work in early 2001. Its report recommended a series of actions to be taken at both the level of the State and individual enterprise to prevent and address workplace bullying.

Substantial progress was made during the year in implementing these recommendations, with the establishment of both the Advisory Committee on the Prevention of Workplace Bullying and a Bullying Response Unit within the Health and Safety Authority. The Dignity in the Workplace Charter was also developed and was launched by the Minister for Labour, Trade and Consumer Affairs in October 2001. The Charter has been endorsed by ICTU, IBEC and CIF and has been widely distributed by the Health and Safety Authority. In addition, both IBEC and ICTU are promoting and facilitating its adoption and distribution amongst their members.

Work continued on the development of three Codes of Practice on Workplace Bullying and Harassment under the Safety, Health and Welfare at Work Act, 1989, the Industrial Relations Act 1990 and the Employment Equality Act, 1998. It is hoped to publicly launch these Codes in 2002.

### **Transposition of EU Directives**

Eight EU Directives on the carriage of dangerous goods by road were transposed during 2001. Other Directives transposed during the year related to the protection of workers from the risks of exposure to chemical agents, carcinogens and mutagens at work, and the minimum safety and health requirements for the use of work equipment.

### **Employment Appeals Tribunal**

In 2001, the Employment Appeals Tribunal disposed of 3,930 cases (3,184 in 2000) under the 13 Acts within its remit. The average waiting time between the date of receipt of claims and appeals and the date of hearing increased from 3 months in 2000 to 4 months. This was due mainly to the Foot and Mouth travel restrictions and the increase in the number of claims during 2001.

### **OBJECTIVE 2 (vii)**

## **To further strengthen Ireland's competitive advantage through partnership, enhancement of organisational capability and the operation of speedy and respected dispute resolution machinery.**

The primary responsibility for the conduct of industrial relations lies with employers, workers and their representative organizations. The State, however, has a responsibility to provide the institutional framework including legislation for the resolution of disputes and the promotion of good industrial relations. Factors which impact on the industrial relations climate include adherence by all parties to the commitments in the PPF, the further development of social partnership at the national level, improved partnership at the enterprise level and proposals at the EU level, as well as the emergence of more complex and demanding industrial disputes.

The Department's Strategy Statement identifies the number of days lost through industrial disputes as an important performance indicator in regard to the overall goal of promoting industrial peace. The number of strikes in 2001 was 26, down from 39 in 2000. However the number of days lost through industrial disputes grew by 18.1% from 97,046 in 2000 to 114,613 in 2001. This increase was impacted on significantly by the ASTI dispute which accounted for 74,286 days (65%) of the total days lost.

## Labour Relations Commission

The Labour Relations Commission developed and published its Strategic Framework 2002-2004. In conjunction with the new Strategy, a complete review of the Commission's staffing and resources will be undertaken in early 2002.

## Rights Commissioners Service

As a result of the continuing increase in the number of cases being referred to the Rights Commissioners Service and the introduction of new legislation, two additional Rights Commissioners were appointed to the Labour Relations Commission in 2001. There were 3,755 referrals to the Rights Commissioners Service in 2001 compared to 3,206 referrals in year 2000.

## Industrial Relations Amendment Act 2001

The Industrial Relations Amendment Act 2001 provides a new dispute settling power for the Labour Court for use where collective bargaining arrangements are not in place and the procedures provided for in the Code of Practice on Voluntary Dispute Resolution (S.I. 145 of 2000) have not been followed.

*“The Industrial Relations Amendment Act 2001 provides a new dispute settling power for the Labour Court...”*

## INFORMATION AND CONSULTATION OF EMPLOYEES

### European Company Statute

Following consideration by the European Parliament, the EU Council of Ministers on 8th October 2001 formally adopted the Directive concerning worker involvement in European companies. This Directive provides for the level of worker participation in the European Company or "Societas Europea" (SE) under the European Company Statute. This Department continued working in co-operation with other Member States and the Commission with a view to co-ordinating national measures for transposition of the Directive.

### Information and Consultation Directive

The EU Council of Ministers formally adopted the Information and Consultation Directive on 18th February 2002 following approval of the European Parliament. This Directive provides a general framework for informing and consulting employees in the European Community.

### Worker Participation (State Enterprises) Acts 1977 and 1988

The Labour Relations Commission's Advisory Service submitted its report on the review of the operation of the Worker Participation (State Enterprises) Acts 1977 and 1988 on 5 March 2002. This review arises from a commitment in the Programme for Prosperity and Fairness. The Department is considering the report.



COMPETITION AND  
THE CONSUMER

# strategic goal THREE



To foster the well-being of consumers by promoting competition in all sectors of the economy and by such other measures as are necessary to ensure that consumers derive the maximum benefit from the operation of the market.

# COMPETITION AND THE CONSUMER

Competition is essential in providing consumers with the widest access to goods and services at the optimum price and continues to be a key instrument of Government policy. Adequate legislative provision and administrative arrangements are required in order to facilitate vigorous competition and to effectively combat anti-competitive activities.

Consumers need to be in a position to make informed choices and accordingly, they need reliable transparent information on the price, quality and safety of the products, which they purchase. They also need information on their rights and how to go about seeking redress where those rights are breached.

Our Competition and Consumer Goal has been progressed through the following Objectives and actions:

## OBJECTIVE 3 (i)

### To foster the development of an integrated consumer policy framework which will enhance the value of consumer objectives to economic development

The pace of technological change, including in particular the development of e-commerce, increased competition and greater trade liberalization creates more efficient markets and brings benefits to consumers in the form of access to an increased supply of goods and services which can be purchased or availed of in a wide variety of ways. It also has a fundamental impact on the daily lives and transactional behaviours of consumers. To benefit fully from the increased choices available to them consumers need a

reliable, transparent and coherent consumer policy framework within which the principles of access, choice, information, protection, representation and redress will be encompassed

The Amsterdam Treaty significantly strengthened the consumer policy objectives of the EU. These objectives found their initial expression in the EU Action Plan for Consumers which recognised the need for a more powerful voice for the consumer, for better information and education for consumers and for more and better dialogue between business and consumers. The operational impact of the Treaty requirements is finding concrete expression in EU initiatives, including draft Directives, which need to be reflected in the legislation/policies of individual Member States. Against this background it is imperative that Ireland is to the fore in establishing effective mechanisms that will allow for a proactive approach to meeting the Treaty requirements.

While individuals and organisations are becoming increasingly informed and active on a range of consumer protection related issues, consumers as a distinct group are not as well organised, and thus not as well placed to influence Government policy, as other recognised stakeholders in Irish society. A challenge over the period of our Strategy Statement is to enhance the consumer voice.

### Legislative Framework Governing the Interests and Protection of Consumers

EC Directives providing for: the protection of consumers in respect of contracts for goods and services entered into by means of distance communication; greater transparency in the pricing of goods and entitling qualified entities to apply for injunctions for the purpose of protecting the collective interests of consumers were transposed into Irish law in 2001.

Regulations were made which amended legislation governing the hallmarking of precious metals to give effect to a European Court of Justice ruling and to prescribe additional standards for certain metals. The Department also participated in the negotiation of an EC Directive intended to provide for the protection of consumers in relation to contracts for financial services entered into at a distance.

*“It is intended that the Consumer Advisory Council will provide a mechanism for feeding views on issues of relevance to consumers into the policy making process.”*

## **Enhancement of the Consumer Voice**

A Consumer Advisory Council was established in June 2001 as a formal mechanism for consulting with key interest groups on issues affecting consumers that fall within the policy remit of the Department. The membership includes consumer and business representatives, the trade union movement, regulatory authorities and complaints bodies. The Council, chaired by the Minister for Labour, Trade and Consumer Affairs, met three times during 2001 and addressed key issues including the changeover to the euro, competition policy and consumers, alternative means of dispute resolution and the European Commission Green Paper on new forms of regulation in the area of consumer policy.

A performance indicator in the Department’s Strategy Statement is the success in strengthening the voice of consumers as measured by the extent to which consumer interests are reflected in the policy/partnership process. It is intended that the Consumer Advisory Council will provide a mechanism for feeding views on issues of relevance to consumers into the policy making process. The effectiveness of the Council in achieving this objective will be assessed on an on-going basis.



## Facilitating Consumers to Become Better Informed

The European Consumer Centre was designated as Ireland's Clearing House for the purposes of the Community-wide network of alternative dispute resolution (ADR) bodies for settling consumer complaints known as the EEJ-NET. The development of the EEJ-NET is also one of the initiatives identified in the eEurope Action Plan to generate consumer confidence in online transactions.

## On-Line Arbitration

The Department gave financial support to the ongoing ECODIR project, a European Commission-supported pilot project designed to improve access to low cost dispute resolution for EU consumers (as an alternative to legal action) and to facilitate and promote e-commerce through the use of on-line alternative dispute resolution.

## Use of e-Government

The Department participated in and provided the Secretariat for the Steering Committee established to oversee the development of an on-line Small Claims Procedure to deal with disputed consumer transactions including B2C e-commerce transactions. At the meeting of the Steering Committee that took place in December 2001 it was decided to commence the requirements analysis phase of the project.

The Department's website and a dedicated e-mail address were used to consult with interested parties in relation to the Commission Green Paper on EU Consumer Protection and on the legislation to provide for greater transparency in the pricing of goods and services.

## Action Plan 2000-2001 for the Euro Changeover

The measures contained in the Action Plan were intended to complement the wide range of initiatives undertaken to prepare for and facilitate the changeover to the euro, notably, the general public awareness campaign undertaken by the Euro Changeover Board of Ireland and the Forfás EMU Business Awareness Campaign. The key measures to protect consumers comprised the codes of practice on dual display of prices and the associated logo, informational activities and the surveys undertaken to assess compliance with the codes of practice. All major retailers and supermarkets signed up to the codes of practice.

With the exception of some delay in carrying out one survey, as a result of the Foot and Mouth crisis, all measures provided for in the Action Plan were implemented on time. While implementation of the key actions in relation to the codes of practice on dual display of prices was primarily the responsibility of the Director of Consumer Affairs, other bodies - notably the European Consumer Centre and the Consumers Association of Ireland also played an important role in informing consumers of the existence of the codes and the commitments undertaken by subscribers to carry out the changeover fairly.

A performance indicator in the Department's Strategy Statement is the successful transition to the euro as measured by the number of consumer complaints upheld. The Office of the Director of Consumer Affairs received a large volume of queries and complaints during the first few weeks of the changeover. Many of these were of a general nature and did not warrant investigation. All complaints for investigation in relation to alleged breaches of the codes of practice on dual display of prices were dealt with as speedily as possible. No serious breaches of the codes were found. Surveys conducted by the Office of the Director of Consumer Affairs demonstrated a high level of compliance with the codes of practice.

Another performance indicator is the comparison of prices within the Euro zone as a measure of the well-being of consumers. One of the positive aspects of the introduction of the euro is that it facilitates

comparison of prices among euro zone countries, which should, in time, result in a convergence of prices across the Eurozone to the benefit of consumers. Forfás has been asked to undertake a comprehensive study comparing prices across the Eurozone and seeking to identify the reasons for price divergences.

### OBJECTIVE 3 (ii)

## To promote competition in all areas of the economy.

The work of the Department, in conjunction with the Competition Authority, is pivotal in broadening and deepening the operation of competitive forces in all areas of the economy.

### Encouraging the Removal of Anti-Competitive Practices in the Economy (see also Objective 4 (v) Regulatory Reform)

During 2001 the Department carried out a wide range of actions relating to the promotion of competition including advising the Government on specific competition policy issues, pursuing the competition agenda with other Departments, supporting the Competition Authority and contributing to the development of EU Competition Policy.

### Legislative Framework to Implement Competition Policy

In December 2001 the Tánaiste published a Competition Bill containing a number of significant reforms to Competition and Merger Law. The new legislation flows from the recommendations of the Report of the Competition and Mergers Review Group following their major review of competition and merger control legislation. The purpose of the Bill is to consolidate and modernize the existing statutory arrangements for competition and mergers. It will replace the Mergers Acts 1978 – 1996 and the Competition Acts 1991 – 1996.

The new Bill will significantly increase the penalties which can be imposed for hard core competition offences such as price fixing. The Bill will also incorporate important institutional changes in relation to mergers and takeovers generally. In particular it is proposed to transfer responsibility for examining and deciding upon mergers and takeovers from the Minister to the Competition Authority. It is also proposed that these notifications will be determined on the basis of competition criteria alone.

*“The purpose of the Bill is to consolidate and modernize the existing statutory arrangements for competitions and mergers.”*

The Bill will provide that additional public interest criteria should be taken into consideration in the case of media mergers. These criteria relate to the strength and competitiveness of the indigenous newspaper industry, the plurality of ownership and titles, the diversity of views in Irish society, the maintenance of cultural diversity and the position in the media generally of any of the undertakings involved in the proposed merger.

In addition, the scope of merger law is to be extended to cover acquisitions of control of media undertakings by means other than the acquisition of shares or assets. Final responsibility for decisions on newspaper/media mergers will continue to rest with the Minister for Enterprise, Trade and Employment.

At the time of going to press the Competition Bill had passed all stages in the Dáil and Seanad and had been referred to the President for signature.

### EU/International Developments

During 2001, discussions continued at Council Working Group on the draft Council Regulation on the Rules implementing Articles 81 & 82 of the Treaty. This proposal involves a complete re-casting of the existing arrangements for the implementation of Community Competition Law. It is proposed to abolish the EU notification system and to make the whole of Articles 81 and 82 directly applicable. It is also proposed to

apply Community Competition Law to the exclusion of national competition law (where agreements may affect trade between Member States) and to have greater involvement of Member States competition authorities and courts in the application of Articles 81 and 82.

### **Competition Authority Resources**

Arising from a review carried out by external consultants of the structure, operations, resource requirements, business processes and IT systems in the Competition Authority the Tánaiste increased the total authorised staff level from 29 to 44.

### **Mergers and Take-overs**

In 2001, a total of 302 proposed mergers were notified to the Tánaiste. (In 2000 the total was 319). Of these, 85 (123 in 2000) were found to fall within the scope of the Merger Acts. Taking into account the carryover cases from 2000 and withdrawals during the year, a total of 84 cases (105 in 2000) were cleared during 2001, while a further 13 were awaiting decision at year-end.

The Tánaiste referred one case to the Competition Authority for further investigation during 2001. The case involved the proposed acquisition by Gehe Ireland Limited of the Unicare group of pharmacies. The Competition Authority reported to the Tánaiste in the matter on 29 January, 2002 and she cleared this proposal without conditions.

### **EU Standards Programme**

There was continued involvement in the EU Standards Programme for the elimination of technical barriers to trade, mainly in relation to engineering related products, including motor vehicles / components. During 2001, Regulations were made transposing EU Directives into Irish law in respect of motor vehicles / components, machinery and noise emission by equipment for use outdoors.

### **Assessing the Impact of Intellectual Property Legislation on Economic Activity**

While prospective intellectual property legislation at EU level is assessed to ensure that it does not cause anti-competitive effects, this is an area in which, domestically, the Department is of the view that more work could be done. A project to assess the impact of intellectual property legislation on economic activity is proposed for 2002 as a first step to informing future policy decisions in this area of industrial policy.



## REGULATORY ENVIRONMENT

# strategic goal FOUR



To effect a business regulatory system which is to the forefront of international standards, commands public confidence and international respect.

## REGULATORY ENVIRONMENT

An effectively regulated business environment is an important ingredient in a successful, dynamic and competitive economy. Regulations developed and administered by this Department should meet the expectations of citizens, not place unnecessary burdens on business, and enhance Ireland's competitiveness through ensuring international confidence in our regulatory systems. This requires close collaboration with the Department's customers, such as business interests, trade unions, consumers, professional organizations and regulatory bodies, in the development of our regulatory framework and in the ongoing review of existing regulation.

The EU influence on this area of the Department's work is significant as many of our national regulations stem from EU legislation. The EU's objective of completing the internal market in financial services by 2005 under the EU Financial Services Action Plan (FSAP) is leading to changes to EU company, accounting, insurance and collective investment legislation that will impact on domestic legislation in these areas.

It is vital that the business regulatory system should, through efficiency, transparency and balance, promote competitiveness and confidence, the interests of consumers and competition. Our Regulatory Environment Goal has been progressed through the following Objectives and actions:



**An Tánaiste Mary Harney with the Director of Corporate Enforcement Mr Paul Appleby, at the launch of the Office of the Director of Corporate Enforcement.**

### OBJECTIVE 4 (i)

**To ensure higher standards in corporate behaviour and implement an effective statutory framework for the development and supervision of companies, co-operatives, credit unions and collective investment schemes.**

Investigations, Tribunals of Inquiry and the Public Accounts Committee Investigation into DIRT have demonstrated that up to recently there was a significant level of non-compliance with the requirements of company, taxation and other laws by business. In 2001 the Department continued to focus on improving the quality of company law by reviewing existing legislation and enacting new legislation. In parallel, the Department has put in place mechanisms and resources to ensure that there is effective enforcement of legislation in order to improve compliance among business.

### Company Law Enforcement Act 2001

The Company Law Enforcement Act 2001, signed by the President on 9 July, 2001, established an independent statutory officer, the Director of Corporate Enforcement, with general responsibility for the enforcement of company law in Ireland. Mr. Paul Appleby was appointed Director. The establishment of this Office will ensure that company law will be enforced more rigorously. The Director has the function of investigating suspected offences under the Companies Acts and has assumed powers, previously exercised by the Minister for Enterprise, Trade and Employment, in relation to company investigations.

## **Establishment of Office of Director of Corporate Enforcement (ODCE)**

During 2001 the Department assisted the Director of Corporate Enforcement with many of the administrative aspects of establishing a new statutory office such as the recruitment of the ODCE staff; agreement on ODCE financial resources; the installation of a preliminary IT infrastructure and the commissioning of the ODCE identity and website ([www.odce.ie](http://www.odce.ie)); and the acquisition of suitable accommodation. The Office is temporarily operating at Regus House, Harcourt Road, Dublin 2.

## **Follow-up to the Report of the Review Group on Auditing**

In December 2000 the Government endorsed the Report of the Review Group on Auditing and approved the implementation of its recommendations. This involves a fundamental reform of the regulation of and the rules governing the audit and accounting profession. During 2001 this involved drafting new company law provisions in the accounting and corporate governance areas and establishing the Irish Auditing and Accounting Supervisory Authority (IAASA), initially on an interim basis.

In April 2001 the Tánaiste appointed the 12 member interim Board of IAASA. IAASA is being set up to supervise the regulation by the accountancy bodies of their members' professional standards. The membership of the interim Board represents a broad spectrum of those concerned with financial reporting including users of financial statements, regulators, the social partners and members of the accountancy profession. During 2001 the interim Board provided advice to the Department during the drafting of legislation to give effect to recommendations in the Report of the Review Group on Auditing.





**Launch of Company Law Review Group's (CLRG) First Report February 2002.**  
**From (left to right) Thomas B Courtney, Chairman CLRG; An Tánaiste Mary Harney, Pat Nolan Secretary CLRG.**

## Company Law (Audit and Accountancy)(Amendment) Bill

The draft scheme of the Company Law (Audit and Accountancy)(Amendment) Bill, was approved by Government in December 2001 and forwarded to the Parliamentary Counsel for drafting. This draft Bill provides for:

- ❖ The establishment of IAASA on a statutory basis.
- ❖ The funding of IAASA being provided jointly by the exchequer (40%) and the accountancy profession (60%).
- ❖ The transfer of the Minister for Enterprise, Trade and Employment's powers in relation to the regulation of auditors under the Companies Act (1990) to IAASA.
- ❖ Enhanced regulation of auditors and accountants including new rules governing auditor independence.

The draft scheme of the Bill was placed on the Department's website in February 2002.

## Overseeing Self-Regulation of the Accountancy Bodies

Pending the establishment of IAASA on a statutory basis the Department continued to oversee the manner in which the recognised accountancy bodies supervised their members in 2001.

The Department initiated an independent review of one of the recognised accountancy bodies' practices and procedures as part of an overall review of practices and procedures in place in the recognised bodies.

## Company Law Investigations

In 2001, this aspect of the Department's work continued to attract considerable public interest. Since 28 November 2001 responsibility for the investigation of company law offences rests with the Director of Corporate Enforcement.

## Section 8 Inquiries

Three investigations are ongoing under section 8 of the Companies Act, 1990. The companies involved are National Irish Bank Limited, National Irish Bank Financial Services Limited and Ansbacher (Cayman) Limited.

### NATIONAL IRISH BANK LTD./NATIONAL IRISH BANK FINANCIAL SERVICES LTD.

These High Court inquiries commenced in 1998. Inspectors Judge John Blayney and Mr Tom Grace submitted a further interim report to the High Court on 7 December 2001.

### ANSBACHER (CAYMAN) LIMITED

There are currently four Inspectors undertaking this investigation and they are expected to make reports to the High Court in due course.

## Section 19 Examinations

Five examinations of company books and documents are currently ongoing under section 19 of the Companies Act, 1990. The companies involved are Celtic Helicopters Ltd., College Trustees Ltd., Guinness & Mahon (Ireland) Ltd., Hamilton Ross Co. Ltd. and Kentford Securities Ltd. Reports in respect of two of these investigations are at a very advanced stage with the remaining three reports expected to be completed during the course of 2002. Section 34 of the Company Law Enforcement Act 2001 provides for the continuation of these investigations by the authorised officer.

### **DUNNES STORES IRELAND COMPANY AND DUNNES STORES (ILAC CENTRE) LTD.**

The examination of the books and documents of these companies has been delayed by a series of legal actions. In its judgement of 28 July 2000 the High Court quashed the appointment of the authorised officer to the two companies. In its judgement announced on 1 February 2002 the Supreme Court overturned the earlier decision of the High Court in regard to the appointment of an authorised officer. The Supreme Court also ruled that the authorised officer's request for documents was a reasonable request. Finally, the Supreme Court remitted the case back to the High Court for the determination of certain outstanding constitutional issues.

The manner in which the investigation into Dunnes Stores will proceed is now a matter for the Director of Corporate Enforcement.

### **Prosecutions under the Companies Acts 1963-2001**

In 2001, 6 companies, 7 directors and 2 auditors were prosecuted for various offences under the Companies Acts 1963-2001. A total of 32 convictions (46 in 2000) were obtained during the year.

9 of the 32 convictions recorded relate to breaches recorded in the Faxhill Homes Ltd. case. These included breaches of section 19 (failure to co-operate with an authorised officer's examination), section 202 (failure to keep proper books) and section 242 (falsification of records) of the Companies Act 1990. A further 3 convictions were recorded against the auditor to Faxhill Homes Ltd for breach of section 19 (failure to co-operate with an authorised officer's examination). Company Registration Office enforcement activity for filing offences under the Companies Acts resulted in the conviction of 238 directors and 755 companies in 2001. In addition, 7,079 companies in total were struck off the register in comparison to 42,217 in 2000.

### **Company Law Review Group**

The Company Law Review Group operated on an administrative basis until it was accorded a statutory advisory status in the Company Law Enforcement Act 2001. The membership brings together the expertise of company law practitioners, Government Departments and agencies, recognised professional bodies, regulatory bodies and the social partners.

The Company Law Review Group completed its first report at the end of 2001. The report was published in February 2002. It sets out 195 recommendations for the reform and restructuring of the companies code. The recommendations in the report, on approval by the Government, will be translated into legislation substantially reforming and amending the companies code and laying the basis for the consolidation of company law. The first report and its component chapters are available on the Company Law Review Group website ([www.clrg.org](http://www.clrg.org)).

The focus of the first report of the Review Group is on simplification. The general objectives of the report are that the reformed and streamlined companies code should be effective, intelligible to company law directors and shareholders, and that the law should reflect how business is actually transacted. The big idea at the heart of the report is to replace the public company (plc), by the most common type of company, the private company limited by shares, as the standard type of company. This will accord with the actual reality that 89% of all companies are private companies limited by shares. This will bring the advantage, particularly to small and medium sized businesses, of clarity and relative simplicity in the regulatory and compliance regime. The report also maps out the framework for the consolidation of company law.

*“The focus of the first report of the Review Group is on simplification.”*

## Supervision of Credit Unions

During 2001, sections 46 to 52 of the Credit Union Act 1997 were commenced. These sections relate to a savings protection scheme for credit unions, dealing with insurance against fraud of credit union officers, and the provision of additional services to members.

To enable credit unions to be competitive in marketing the Government's Special Savings Incentive Accounts new regulations entitled Credit Union Act 1997 (Alteration to Financial Limit) Regulations 2001, were introduced in 2001. The new regulations reduce the amount of shares a credit union member was required to have before opening a deposit account, from £1000 to £50 (€63 from 31 December 2001).

## Recent EU Developments in Relation to Company Law

In 2001 the EU stepped up its activities in relation to company law with the publication and adoption of a range of new legislative proposals in this area. Many of these proposals are part of the EU Financial Services Action Plan (FSAP).

On 8 October 2001 the EU Council of Ministers adopted a Regulation to establish a European Company Statute (ECS) and a related Directive concerning worker involvement in European Companies. The primary objective of the ECS, is to make it easier for business to operate on a pan-European basis.

The draft Prospectus Directive published by the Commission in May 2001 seeks to ensure that adequate and equivalent disclosure standards are in place in all Member States when securities are made available for all European investors either through a public offer procedure or admission to trading.

*“The primary purpose of EU action in this area is to set down certain general principles and minimum requirements which would govern takeover procedures in the EU...”*

The Ecofin Council unanimously reached an "orientation agreement" on 14 December, 2001 on a Market Abuse Directive. The Directive aims to reinforce protection against insider dealing and market manipulation by building one set of rules for all EU's financial markets. The Council intends to formally adopt this Directive once it has considered the views of the European Parliament.

Following the European Parliament's rejection of the proposals for a Takeovers Directive in July 2001 the Commission set up a Company Law Experts Group to advise, initially, on three specific issues which had emerged as problem areas in the discussions between Council and Parliament. The primary purpose of EU action in this area is to set down certain general principles and minimum requirements which would govern takeover procedures in the EU with a view to giving adequate protection to minority shareholders across the EU and facilitating corporate restructuring. The Company Law Experts Group recently delivered its report to the Commission, and following consultation with Member States arrangements are now being made to draw up a revised proposal.

## SLIM Company Law Proposals

Under the Simpler Legislation in the Internal Market (SLIM) initiative broad agreement has been reached on the Commission proposals for amendment of the 1st Company Law Directive. The main effect of these amendments will be to allow for the electronic filing in Company Registration Offices of certain company data. It is expected that the amendments will be formally published by the Commission shortly.

## EU: Audit and Accountancy Related Issues

The Commission published a proposal for a Regulation on the Adoption of International Accounting Standards in February 2001 and Ecofin reached agreement on the 'general orientation' of the Regulation on 14 December 2001. This Regulation will require all companies listed on regulated EU markets to prepare their consolidated accounts on the basis of International Accounting Standards (IASs) rather than national standards from 2005. It should be formally adopted in the first six months of 2002 once the Parliament has given its opinion on the proposal.

During 2001 the Commission also commenced discussions with Member States in relation to the Modernisation of the 4th and 7th Accounting Directives to remove any conflicts between the Directives and IASs. It is envisaged that the Commission will publish its proposal during the first six months of 2002,

The Fair Value Accounting Directive, amending the 4th and 7th Company Directives and the Banking Directives to permit the valuation of certain items in annual accounts at fair value (rather than on a historical cost basis) was adopted by the Internal Market Council on the 31 May. This Directive has to be transposed into national law by January 2004.

Considerable progress was also made in the EU Committee on Auditing on the text of a Recommendation on Auditor Independence. The Recommendation should be in line with the recommendations of the Report of the Review Group on Auditing in relation to auditor independence.

### Collective Investment Schemes

In December 2001 ECOFIN adopted two Directives amending UCITS Directive 85/611/EEC. The first Directive widens the range of financial instruments in which UCITS can invest. The second Directive provides management companies with a "European passport" to operate throughout the EU and widens the activities they may engage in as non-core services. It also introduces the concept of a simplified prospectus, which will provide more accessible, comprehensive information to strengthen investor protection.

### OBJECTIVE 4 (ii)

## To protect the interests of insurance policy holders and claimants.

Consumer complaints about alleged churning and mis-selling of insurance, and about the information given to consumers, pose challenges in relation to insurance policies at point of sale. There is a view that a more interventionist approach to consumer protection is required.

In international terms Ireland is relatively expensive for insurance. While the emphasis of policy to date has been to encourage competition as a way of minimising the cost of insurance, there is a trend both domestically and internationally towards the consolidation of the insurance market by larger competitors. The risk of reduced competition if the market becomes dominated by a small number of players may pose new challenges and will be closely monitored.

The IMF was critical of some aspects of insurance supervision in Ireland, notably the paucity of resources devoted to supervision of a growing number of companies. At the same time international standards are rising. While in substance Ireland meets these standards, our system is open to criticism in some respects. We must strive to ensure that insurance supervision meets highest international standards, not only because of the need to protect Irish consumers but also because many EU consumers now rely on our standards of supervision. If we wish to continue to be a centre for international financial services, it is necessary to develop and maintain standards of supervision, which are not merely acceptable, but to the forefront of international standards.

In line with the aims we set in our Strategy Statement 2001-2003 we achieved the following in 2001:

- ❖ The implementation of the main recommendations of the IMF report on our system of supervision, including increased focus on corporate governance standards, greater use of actuarial input in the assessment of the financial soundness of companies and development of a comprehensive programme of on-site inspection visits to complement desk analysis.
- ❖ The authorisation of 12 new insurance companies, bringing to 144 the number under the Department's direct supervision (135 at end 2000).
- ❖ The authorisation of 26 new reinsurance companies and the stepping up of our monitoring of the 172 such companies now established in Ireland.

The Department also continued to work towards a smooth transfer of functions in the insurance area to the Irish Financial Services Regulatory Authority (IFSRA).

*“The September 11th events in the US resulted in very serious costs for the insurance industry generally and for re-insurers in particular.”*

## Cost and Availability of Insurance

The Department continued to monitor the cost and availability of insurance in 2001. Unfortunate and unforeseen events impacted on the insurance market both at home and abroad. As a result, the Department handled over 2,000 queries from public representatives and from consumers.

Among the events which adversely affected the cost and availability of insurance was the collapse of a UK-authorized insurer, Independent Insurance Company Limited (UK) in June 2001. This had serious implications for over 8,000 Irish policyholders. PricewaterhouseCoopers were appointed as liquidators of Independent Insurance by the English High Court and this company is now handling all claims from Irish policyholders.

Regular communication by the Department with the UK Supervisory Authorities established that personal policyholders in Ireland would be covered by UK arrangements to protect policyholders. Thus, such policyholders are entitled to receive payment in respect of an un-expired premium, depending on the terms of their policies and any claims against them would be paid to 90% of the value. The Motor Insurers Bureau of Ireland is covering the remaining 10%. Unfortunately, no such provisions exist for commercial policyholders. This case illustrated the gap that exists in the EU Single Market. The EU Insurance Committee is considering proposals from Ireland to address this problem. The outcome of this process is unlikely to address the concerns of Independent policyholders.

The September 11th events in the US resulted in very serious costs for the insurance industry generally and for re-insurers in particular. This has had the effect of reducing the availability of reinsurance and increasing its cost when it is available. This has necessitated increases in premium especially for large risks that typically arise in relation to employers and public liability cover. Accordingly, commercial policyholders have been particularly hard hit.

The insurance industry have also pointed to domestic factors in price increases, including the incidence and cost of claims and the level of High Court awards for compensation claims that require insurers to strengthen reserves for claims liabilities.

## Personal Injuries Assessment Board (PIAB)

The main recommendation of the Special Working Group on a Personal Injuries Tribunal was the establishment of a Personal Injuries Assessment Board (PIAB) to adjudicate on personal injury claims in the workplace. An interdepartmental Working Group is examining the criteria for establishment of the PIAB and is expected to report to the Minister for Science, Technology and Commerce in the first half of 2002. The PIAB will exercise a particularly important role in tackling the delivery costs of personal injury compensation as it is estimated that the legal costs involved contributes significantly to the ultimate cost of claims settlement.

## Motor Insurance Advisory Board (MIAB)

In 1998 the Minister for Science, Technology and Commerce re-established the Motor Insurance Advisory Board (MIAB) to investigate the factors, which contribute to the high cost of motor insurance and to recommend initiatives to tackle those high premiums. Members of the Board comprise representatives from the insurance industry, Government Departments, individuals and various organisations with interest in the cost and availability of motor insurance

During 2001 the MIAB examined the relationship between the cost of claims for insurers and whether the premiums levied to policy holders were justified by such cost. The Board's report was published in April 2002 and was widely covered in the media. It makes wide ranging recommendations aimed at reducing the cost of motor insurance in Ireland. On foot of the report, the Government has decided to establish a high level group to progress the recommendations and to ask the Competition Authority to take any necessary action in relation to its findings.

## Improved Transparency of Assurance Products

Improving information to consumers on insurance products is one of the objectives set out in the Department's Strategy Statement for the years 2001-03. The Life Assurance (Provision of Information) Regulations 2001 that were effected on 1st February 2001 have led to a greater awareness among life assurance companies of their responsibilities to provide all necessary information on their products to the consumer so that he/she will make a rational decision on insurance cover. Insurers are also complying with the provision of an updated statement on the status of life assurance products. An improved quality customer service has been achieved by the regulations.

## OBJECTIVE 4 (iii)

# To provide a legal and regulatory framework for Intellectual Property which reflects best international practice and meets the needs of customers.

In modern society business depends on the protection afforded by intellectual property rights to validate its commitments to expenditure on research and development and innovative activity in order to underpin its primary business activities. In order to continue to innovate and grow, business needs a well-structured, practical and strong system of legal protection under intellectual property law.

In line with the aims of our Strategy Statement 2001-2003 we achieved the following in 2001:

## Legislation and Fulfilment of International Obligations

- ❖ Industrial Designs: The Industrial Designs Act 2001, which gives effect to EU Directive 98/71/EC on the legal protection of designs in Ireland, was enacted on 27 November 2001. This Act will come into force upon completion of the required Industrial Designs Rules, which at the time of preparation of this Annual Report were expected in April 2002. The Act contains strong civil and criminal remedies equivalent to the copyright legislation of 2000.

Council Regulation (EC) No. 6/2002 on the Community design was adopted on 12 December 2001. The registered Community design will not be available before the year 2003 as the Implementing and Fees Regulations need first to be adopted in 2002 by the European Commission.

- ❖ Copyright: The Copyright and Related Rights Act, 2000, which totally modernises Irish copyright law, was commenced on 1 January 2001.
- ❖ Trade Marks: The Madrid Protocol, which is an international agreement under the aegis of the World Intellectual Property Organisation (WIPO), was ratified by Ireland on 19 July 2001. Its effect is to allow people and companies to submit a single application for a trademark, through their own national Offices, designating any or all countries (now numbering more than 50 including Ireland) that are party to the agreement.

*“...business needs a well-structured, practical and strong system of legal protection under intellectual property law.”*

### Modernisation of Systems in the Patents Office

The process of modernisation of the computer systems in the Patents Office continued during 2001 with the installation of several significant new modules. These concerned a more automated search system for searching Community Trade Marks, a module to facilitate the automatic take on and subsequent administration of International Trade Marks under the Madrid Protocol, and the basic elements of a fees module for the purpose of accounting for and receipting all fee payments received by the Office. The new fees module became operational on 7 January 2002. In addition, during 2001 specifications were prepared for further enhancements to the basic PTOLEMY system and additional automation with a view to delivery and installation in 2002.

### Participation in Intellectual Property International Fora

The Department represented Ireland's interests in the World Intellectual Property Organisation (WIPO), the European Patent Organisation (EPO), the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (known as "OHIM"), and working groups of the European Council and European Commission.

An area of considerable activity in this respect was the negotiation among all EU member States aimed at creating a new unitary patent system covering the whole territory of the Community through the introduction of a Community Patent. This Department represented Ireland's position, which was to strongly support the creation of a Community Patent, but only if the new system could, while co-existing with the current national and European patent systems, provide a unitary and legally certain patent at a reasonable cost. It was not possible to conclude negotiations by the target date of December 2001, but work is continuing.

### OBJECTIVE 4 (iv)

## To ensure Ireland plays a leading role in adopting and promoting an effective e-regulation framework domestically and internationally.

The development and deployment of information communication technologies (ICTs) gives rise to significant new ways of doing business. Business based on e-business and e-commerce requires an appropriate regulatory framework in the interests of consumers, intellectual property holders and business itself. Creating that framework requires extensive cross-departmental co-ordination as the functions of several Departments may be involved.

### Inter-Departmental Group on Information Society Legislation

This Group was established with a view to developing a coherent / co-ordinated approach to e-regulation, consistent with the promotion of the Knowledge Economy.

## Electronic Commerce Directive

The Department published a Discussion Document in August, 2001 on the transposition of the Electronic Commerce Directive (2000/31/EC) into Irish law. Draft regulations to give effect to the Directive were sent to the Attorney General's Office for approval in December 2001.

## Council of Europe Convention on Cyber Crime

The Department participated in discussions at national level, (co-ordinated by the Department of Justice, Equality and Law Reform) on the Council of Europe Convention on Cyber-crime. A balance between the need for measures to fight serious crime and the need to protect the rights of businesses and citizens to their privacy remains a concern of the Department.

The Department participated both at inter-departmental / international levels in discussions led by Department of Justice, Equality and Law Reform (and still continuing) on a draft international Convention on Jurisdiction and Foreign Judgements (an attempt to achieve at international level what has been achieved in the EU through the Regulation on Jurisdiction and Enforcement of Judgements in Civil and Commercial Matters, which came into force on 1 March 2002). The draft Convention and the Regulation reflect the growing extent of cross border trade, both in the context of the Single Market within the EU and the development globally of the Information Society, which has resulted in a need for mechanisms for cross-border legal redress.

## Co-operation with Third Countries on eCommerce

The Tánaiste agreed a Joint Statement on Global eCommerce with Australia in September 2001.

*“The Internet Advisory Board (IAB)... was established by the Government to supervise the ongoing evolution of self-regulation on internet issues.”*

## Codes of Practice

The Department continued to work with interested parties to devise a code of practice on unsolicited commercial communications (sometimes referred to as "spam") to accompany the proposed regulations giving effect to the Electronic Commerce Directive (2000/31/EC), which includes such provisions. This is expected to be completed in 2002.

The Electronic Commerce Directive encourages Member States to draw up codes of practice to protect minors and human dignity. The Internet Advisory Board (IAB), of which the Department is a member, was established by the Government to supervise the ongoing evolution of self-regulation on internet issues. At IAB's request, the Internet Service Providers Association of Ireland drew up a Code of Practice and Ethics (launched in February 2002), which self-regulates the internet industry in Ireland.

## OBJECTIVE 4 (v)

# To pursue a programme of regulatory reform as a key element in achieving a modern and balanced regulatory framework.

The importance of pursuing regulatory reform has been underlined by the OECD's Review of Regulatory Reform in Ireland, which was completed in 2001. The review presents an integrated assessment of regulatory reform in specific economic sectors such as electricity, telecommunications, professional services and licensed markets. It also examines framework ideas such as the macroeconomic context, government capacity to assure high quality regulation, competition policy and market openness.

## Follow up to OECD's Review of Regulatory Reform in Ireland

The Government has adopted an Action Programme in which this Department will be actively involved in following up on the recommendations contained in the OECD Report. This Department is participating in a number of measures which include inter alia participation in the High Level Group under the Chairmanship of the Department of An Taoiseach to oversee implementation of Ireland's response to the OECD Report, participation in the Commission on Liquor Licensing which is looking at the area of liquor licensing and attendance on the Review Group which has been set up to examine the Health (Community Pharmacy Contractor Agreement) Regulations, 1996. These measures will lead in due course, to further useful reforms across a wide area of regulatory activities bringing additional benefits to domestic competitiveness.

*“These measures will lead in due course, to further useful reforms across a wide area of regulatory activities bringing additional benefits to domestic competitiveness.”*

The Department is also represented on a sub-group of the High Level Group on Regulation to initiate and oversee the process of producing a National Policy Statement to increase public awareness of the principles of regulatory reform and the benefits of an improved regulatory environment. To date this group has prepared a discussion paper on the introduction of a model of Regulatory Impact Analysis. The group will continue to work on the regulatory reform agenda during 2002.

## Legislation on Late Payment in Commercial Transactions

A consultative document on the implementation of Directive 2000/35/EC of 29 June 2000 on combating late payment in commercial transactions was issued in August 2001 and views were sought from interested parties on the proposals outlined. Arising from this consultation, the Government approved, in February 2002, the drafting of the "Late Payment in Commercial Transactions Bill", which is expected to be enacted in mid 2002.



ORGANISATIONAL  
CHALLENGES

# strategic goal FIVE



**To ensure delivery of our business goals to the highest standards through enhanced organisational capability, responsiveness and quality customer care, underpinned by a programme of continuous staff development.**

## ORGANISATIONAL CHALLENGES

The final Goal of our Strategy Statement covers the organisational challenges we face. These challenges are driven by the need to be responsive to change and to deliver an excellent service to our internal and external customers. The quality and effectiveness of our corporate services and our human resources is critical to meeting the expectations of our stakeholders. In 2001 we invested substantial resources in organisational development as part of the overall drive to deliver better government under the Strategic Management Initiative (SMI). We pursued the following objectives and actions:

### OBJECTIVE 5 (i)

## To broaden and deepen the culture of change in the Department.

Partnership is a cornerstone of the Department's implementation of the change agenda. Working in partnership, we have introduced better business processes, enhanced our use of information and communications technologies and introduced new human resource management practices.

### Partnership Committee

The Department's Partnership Committee involves staff, unions and management across the entire Departmental organisational structure. It provides a



**Members of the Department's Partnership Committee**

platform for discussion where members can freely express views outside the confines of these traditional roles. The scope of the committee is extended through internal working groups and a rotating system of observers.

The partnership committee aims to drive the change agenda through its annual action plan. Under the 2001 plan the following issues were progressed: equality, health and safety, customer service, the performance management development system, and human resource management.

### Business Planning

The Business Planning process is central to the effective management and implementation of the Department's work. Business planning is the mechanism that translates the Goals and Objectives outlined in the Department's Strategy Statement into practical, measurable action.

In 2001 each Division presented detailed business plans to the Management Board at the beginning of the year. Progress against the plan was regularly reviewed by staff teams and the Department's management board formally reviewed progress on plans in the third quarter of the year.

In 2001 we carried out a Department-wide review of the business planning process itself. The review found that structured business planning has become well integrated into the Department's work, but that improvements could be made to enhance the coherence and effectiveness of the process.

As a result, we worked to develop our 2002 business plan within a tighter timeframe. Divisional plans were prepared in November/December. The Management Board then reviewed the plans over a concentrated four-day period in January 2002. This provided a clear Management Board overview of the entire Departmental work programme for the year. It allowed connections across Divisions to be made and facilitated the establishment of cross-divisional teams to progress common tasks.

## Programme of Organisational Reviews

In responding to change we continued to systematically review our structures and business processes. In 2001 we undertook organisational reviews in the Employment Rights Unit and the Organisation Unit. The review of the Employment Rights Unit identified the need for an IT based case management system to streamline workflows and improve output. Procurement of the system is in progress with development expected to commence by mid 2002.



## Communications and Knowledge Management

Communications and information are critical success factors for a knowledge-based organisation such as the Department. Good two-way channels of communication, both formal and informal, are also an integral element of the Performance Management and Development process.

The Management Board coordinates the work of the Department at the highest level, meeting twice monthly. The minutes of each meeting are issued directly to all staff. Feedback from the Management Board is cascaded to all staff through a formal structure of divisional management meetings and section meetings. This structure was further embedded during 2001.

### ❖ INTRANET

A report from consultants, appointed in late 2001, is aimed at assisting the Department in the development of an Intranet strategy. The goal is to allow the various offices and divisions of the Department to share and access information of common interest across a single corporate wide system. It is expected that the project will take approximately two years to complete.

### ❖ LIBRARY

We did not succeed in our efforts to recruit a professional librarian to manage the Department's internal library. We are now reviewing how these services can best be provided through our internal resources.



## Evaluating Change and Looking to the Future

The Action Learning Research Project carried out in conjunction with the Irish Management Institute and Trinity College is designed to evaluate the nature and extent of change within the Department. The project commenced in 2000.

In early 2001 the results of a detailed Staff Perception Survey were made available to all staff and discussed in depth at our annual Senior Management Conference. We responded to the interim findings of the project by progressing the Performance Management and Development System, by making greater use of existing communication structures, by involving all staff in the business planning process and by providing targeted training for middle managers.

## Evaluation of SMI/Delivering Better Government – PA Consulting

PA Consulting engaged intensively with the Department as part of their review of the SMI process across the Civil Service. Meetings were held with Ministers, individual members of the Management Board, a cross section of senior management, and staff and union representatives from the Partnership Committee. PA's final report contains a range of findings and recommendations on progressing the change process throughout the civil service. The Department aims to be proactive in responding to the PA report in its implementation of the SMI.

## OBJECTIVE 5 (ii)

# To strengthen and further develop our commitment to the delivery of quality customer service in consultation with our customers.

Since the publication of our first Customer Service Action Plan in 1997, we have adopted a proactive approach to improving and delivering more effective and efficient services to our customers. Our Strategy Statement 2001-2003 sets a goal of establishing independent customer care benchmarks in consultation with our customers and measuring improvement of services against these benchmarks. In 2001 our focus has been on establishing benchmarks.

## New Customer Service Action Plan and Customer Care Research

In October 2001, the Department published a new Customer Service Action Plan for the period 2001 to 2004. We consulted with our customers to see what level of service they expect from us and to identify areas for improvement. The consultation process involved a Customer Care Research Project undertaken with assistance from the Institute of Public Administration. The outcomes of the consultation process were incorporated into the Action Plan.

The Customer Service Action Plan is structured around the twelve principles of Quality Customer Service adopted by Government. It sets standards and provides for performance measurement as well as aiming to promote and develop a customer service ethos throughout the Department. The broad structure of a complaints procedure has been incorporated into the Plan and will be further developed and implemented during 2002.

Drawing upon the findings from the Research Project, we will develop and propose service standards and benchmarks for each of the Department's Business Units. We will then be in a position to measure improvement over time. Customer Service targets are an integral part of each Division's 2002 business plans.

## Openness and Access to Information for our Customers

We continued to develop our information services and policies in 2001. Our central Information Resources Unit dealt with 20,656 queries compared to 12,718 in 2000, an increase of sixty two percent.

In addition to our central unit, our Employment Rights Information Unit operates an information service to answer enquiries about employment rights legislation. The number of telephone enquiries received during 2001 was 124,637 (a 6% increase on 2000 when 117,731 calls were received).

Arising from a PricewaterhouseCoopers Business Process Re-engineering Project in the Employment Rights Enforcement area, and the increased demands on the services of the Unit, plans are under way to establish an Employment Rights Call Centre in the Department.

The Unit also deals with personal callers, written correspondence and e-mail enquiries. Demand for all these services increased by over 40% in 2001. The Unit provides an extensive range of explanatory leaflets on different entitlements under employment rights legislation as well as a comprehensive Guide to Labour Law. During 2001, staff of the Unit visited 23 Citizens Information Centres and took part in exhibitions and seminars providing employment rights information to the public.

*"In October 2001, the Department published a new Customer Service Action Plan for the period 2001 to 2004."*

In 2001 we also introduced "Lo-Call" telephone numbers and direct e-mail contact to Work Permits Section and Employment Rights Information Service. This reduces the cost for customers in accessing these services, especially so for customers outside Dublin.

## Website/Information Units

During 2001, the Department's website was redesigned and made compatible with the international Web Accessibility (WAI level 2) standard. Adopting the standard allows users with disabilities to change the text, typeface, and colours, of a web page to make it easier to read. For those with poor or no sight, it allows machine readers to "read" a web page aloud.

The total number of page requests to the Department's website in 2001 was almost 492,000 compared to 240,000 in 2000, a virtual doubling. In 2001 we began a project to make all the legislation administered by us available on our website.

In 2001 the Freedom of Information Unit continued to contribute to develop the Department's records and information system to enhance openness and transparency in our dealings with customers. We produced an updated and more user-friendly edition of the Department's Guide to Functions, Records, Rules and Practices. We distributed the guide widely in print and on other media such as the web, audiotape and Braille. We also worked to facilitate roll out of the FOI Act to eight bodies under our aegis, thereby enhancing the accessibility of these bodies' records to customers.

The number of FOI requests received was down marginally from 239 in 2000 to 235. The percentage of requests granted, part-granted, dealt with outside FOI or transferred, however, was up from 77% in 2000 to 83% in 2001. The numbers of requests refused fell from 18% to 14%. Internal Review applications were also down from 9% of requests received in 2000 to 6% in 2001.

<sup>1</sup> The bodies are Enterprise Ireland, FÁS, Forfás, the Health & Safety Authority, the Industrial Development Authority, the Labour Relations Commission, Shannon Free Airport Development Company Ltd. and the National Standards Authority of Ireland.

**OBJECTIVE 5 (iii)****To develop a more strategic and integrated Human Resource Management function, which will enhance organisational effectiveness and flexibility.****Embedding of Performance Management Development System (PMDS)**

PMDS is designed to ensure that individuals are clear about the content of their job and develop the necessary skills required to perform their job effectively and efficiently. The final module of PMDS training was delivered to all staff by end March 2001. The positive response of staff to the training was due in large part to the fact that it was delivered by a team of trainers drawn from the Department itself. Following the roll out, our goal is to fully embed PMDS in the Department's culture. Monitoring mechanisms were established in mid-year to ensure that PMDS is implemented throughout the Department in a consistent manner. PMDS has also been fully integrated into our annual planning cycle to ensure consistency between individual role/profiles and business plan tasks.

**Promotions Based on Performance and Capability**

In 2001 all internal interview competitions held in the Department were competency based. Candidates were offered the opportunity to attend competency based interviewing skills sessions, administered by a professional human resource specialist. Twenty-five people from the Department were also trained in the skills of competency-based interviewing. Further training will be provided to staff in 2002.

*"The positive response of staff to the training was due in large part to the fact that it was delivered by a team of trainers drawn from the Department itself."*

**Professionalisation of the Human Resource Function**

Five staff from the Personnel Unit are pursuing the IPA/CIPD Certificate in Public Sector Human Resource Management Practice. This will assist in the professionalisation of the Personnel function, with more of an emphasis being placed on strategic support for line managers rather than day-to-day administration.

**Training and Development**

In 2001, priority was given to the roll out of PMDS to all staff. Subsequently we focused on induction training and the provision of training courses to meet the needs identified under PMDS. Training courses were organised and delivered in areas such as, IT, effective writing, telephone techniques, courtroom skills, presentation skills, government accounting, the introduction of the Euro and interpretation and analysis of company accounts. In addition, staff at all levels were encouraged to pursue suitable third level courses which assist in their development and meet the Department's business needs. The Department operates a refund of fees scheme to assist staff in meeting the cost of approved third level courses.

Our Strategy Statement 2001-2003 sets a target of 4% of payroll costs to be expended on training and development by 2003. Taking account of administration and staff costs of the Department's Training Unit we reached a figure of 3.2% in 2001.

**Work/Life Balance**

2001 saw the continuation of the Term Time Scheme and the introduction of the Worksharing Scheme. These new schemes aid the promotion of a better work/life balance. Teleworking was also introduced on a pilot basis in 2001 and 11 staff were approved to participate.

## Grievance and Discipline Procedures

The Department follows the guidelines as set out in the relevant Department of Finance circulars<sup>2</sup> to deal with grievance and disciplinary issues as they arise. Under the Partnership Committee a sub group was established to reviewing current practices in the area of Discipline and to make recommendations to the Committee.

## Recruitment Process

In order to respond to Departments' difficulties in relation to the recruitment of staff, the Civil Service Commission appointed a Client Manager to work with this Department in relation to assignments, information provision on panels and appointments to specific professional posts. This liaison ensures that recruitment/assignment issues are resolved quickly. The Department makes every effort to match the skills/competencies of staff with the requirements of the job.

## Working Environment

We aim to ensure a suitable and safe working environment for our staff. In 2001, we completed the move of staff of two divisions of the Department to a new office premises in Hatch Street, Dublin 2. We continued with the refurbishment of another of our buildings and worked with the Office of Public Works in drawing up plans for the completion of the refurbishment of our head office in Kildare Street. In 2001, we also examined the organisation and structure of our Health & Safety administration in the Department and re-organised to provide a more focused service.

## OBJECTIVE 5 (iv)

# To develop and implement a best practice equality strategy in the Department

Irish equality legislation prohibits discrimination in the work place on nine distinct grounds. Our Strategy Statement, states our commitment to these principles and our intention to pursue, where necessary, non-discriminatory affirmative actions in pursuit of equality.

## Equality Agenda

An Equality Group has been established under the aegis of the Partnership Committee. In 2001, the group examined equality issues in the Department. It prepared a report containing a comprehensive equality agenda and implementation plan which was endorsed by the Partnership Committee and by the Department's Management Board.

One important recommendation of the report was the appointment of a dedicated Equality Facilitator to spearhead the implementation of the equality agenda within the Department. At the time of writing, Department of Finance sanction for this post had not been secured.

The Equality Group also conducted research on demand for and issues surrounding crèche provision. It also looked at the need for a disability audit of the Departments buildings, aimed at ensuring the full participation of employees with disabilities in all areas of the working and social life of the Department. This audit will be undertaken in 2002.

<sup>2</sup> Circular 1/92: Procedures for dealing with grievance and disciplinary problems and Circular 1/2001: Revised procedure for dealing with grievance problems.

We aimed to address low female participation in competitions for promotion through a specific training and development programme. Data on gender breakdowns by grade and trends over time, together with gender-based data on applications for promotion and the outcomes of competitions is being collated. This will inform policies and actions and will help in monitoring gender balance.

Our Strategy Statement includes a performance indicator on increasing the percentage of female posts in the senior management grades as follows: Assistant Principal from 26% to 31% over three years and to 35% in five years; Principal Officer from 10% to 15% over three years and to 20% in five years. At the end of 2001, the percentage of females in AP posts remained at 26%. However, in the internal HEO/AO to AP interview competition, the percentage of successful female candidates was 31% of all female applicants while the success rate for male applicants was 25%.

The percentage of female posts at PO level increased from 10% to 13% due to the appointment of 1 female PO during the year. As the total number of POs in the Department is 39, an increase of 1 person accounts for a substantial difference in the percentages.

### **Supports which Facilitate Participation of Employees with Disabilities**

Once the Civil Service Commission advises the Department of the particular needs of a new entrant, the Department makes every effort to ensure that the necessary supports are in place. Employees with disabilities are facilitated to attend for interviews and training courses. The Department also meets the Civil Service quota for employing people with disabilities.

### **Promotion of an Environment Free from Incidents of Harassment and Bullying**

The Department implements the agreed Civil Service Policy- *A Positive Working Environment – An Anti Harassment, Sexual Harassment and Bullying Policy for the Civil Service*. During 2001, all newly appointed staff of the Department were made aware that all staff

have the right to work in an environment free from bullying, harassment and sexual harassment. They were also informed of their rights to fair and prompt procedures should the need arise. These issues were again reiterated during induction training. Investigating Officers are available in the Department to deal with formal complaints regarding any form of harassment or bullying.

*“We aimed to address low female participation in competitions for promotion through a specific training and development programme.”*

## **OBJECTIVE 5 (v)**

# **To make the most effective use of financial resources, and enhance accountability, through further modernisation of financial management systems.**

Enhanced accountability to the Oireachtas, and to the public requires continuous improvement of financial management systems and openness and transparency in the way we do our business. In line with the aims of our 2001-2003 Strategy Statement we achieved the following in 2001:

### **Management Information Framework and Financial Systems Improvements**

We participated in the development of a new Civil Service-wide Management Information Framework (MIF). We completed a financial management systems business process review and developed an implementation strategy. Work has now commenced on the selection of consultants to develop an integrated financial management system.

We developed improved cost centre reporting facilities and provided better and more timely expenditure outturn information for managers. We commenced the operation of an Internet based Public Bank Account (the first in the Civil Service) to receive and pay funds relating to the National Training Fund. We implemented requirements in relation to the interim shorter tax year (April to December, 2001), facilitating the alignment of the financial year with the calendar year.

We undertook extensive euro testing of systems and conversion exercises throughout 2001, ensuring that the changeover to the euro was completed successfully.

### Expenditure Reviews

The Department completed expenditure reviews of Forfás and the FÁS Specific Skills and Traineeship Schemes. Five such reviews have now been carried out under the 1997-2000 programme of expenditure reviews. A new programme of expenditure reviews for the period 2002-2004 was prepared in late 2001.

### Internal Audit

Internal Audit provides an assurance to the Accounting Officer (the Secretary General) on the adequacy of the Department's internal controls. In 2001 we completed a comprehensive Audit Needs Assessment of Departmental activity to determine audit priorities for future years. A risk-based plan of audits until end 2002 and a prioritised list of audit intentions for 2003/2004 was drawn up and agreed with the Departmental Internal Audit Committee. We completed three internal audits during 2001 and substantially progressed two further audits.

*“We developed improved cost centre reporting facilities and provided better and more timely expenditure outturn information for managers.”*

### Structural Funds Audit

A bilateral agreement is in place with the European Commission on audit co-operation in respect of the European Social Fund (ESF). The Department's Audit Unit prepared an annual risk-based national audit plan, covering ESF activity across various Operational Programmes and Community Initiatives. The unit is involved in reviewing and following up on issues arising from this audit activity and liaising with the Commission in relation to various aspects of EU financial control requirements.

As regards closure of the 1994/1999 round of funds, a statement of closure must be provided to the Commission for the ESF elements of each Operational Programme and Community Initiative. Preparations for this exercise were ongoing during 2001.

### Financial Outturn (See also Appendix I)

Provisional figures for 2001 indicate that the Department had a gross outturn of €1,179.24 million and income of €133.68 million, leaving the net outturn at €1,045.56 million.

The Administrative Budget provisional outturn was €40.76 million of which salaries accounted for €24.02 million. The Administrative Budget figure includes an outturn for A12- Information Society: E-Government which was a new outturn figure.

**OBJECTIVE 5 (vi)**

## To develop the Department's ICT capability to facilitate efficient and flexible work practices and the delivery of e-Government.

The way in which we live and work has been, and continues, to be transformed by the ICT revolution. For the Department, the challenge is the delivery of our public services electronically in support of the delivery of e-Government and the putting in place of an IT infrastructure which can support new and flexible forms of work. In line with the aims of our 2001-2003 Strategy Statement we achieved the following in 2001:

### IT Infrastructure/Continuous Availability of Services

The Department's network infrastructure has been upgraded to deliver faster network response time. The wide area network, which links all the Department's buildings, was also improved.

We examined our network infrastructure to enable continuous availability of services in the event of a single point of failure. In addition, the bandwidth available for internet connections was doubled during 2001. These improvements, as well as further ones planned for 2002, will position the Department to effectively support the delivery of services within the e-Government agenda.

The Department researched the optimum IT configuration for the staff participating in the teleworking pilot scheme. The aim was to provide staff with access to the same computer and telephone facilities at home as are available to them when in the office.

*"...the challenge is the delivery of our public services electronically in the support of the delivery of e-Government..."*

### Standardisation/Compliance of Software

The Department continues to ensure that all software purchased complies with open standards and has also standardised the desktop application software in all areas. This has significantly reduced integration issues which previously caused difficulties.

### Attracting and Retaining Skilled IT Personnel

Progress on the objective to develop a strategy in relation to attracting and retaining skilled IT personnel is hampered by the need to develop a strategy throughout the broader Civil Service - given that the recruitment of staff and remuneration are dealt with centrally by the Department of Finance.

### Service Level Agreement with our Customers

Service levels agreements were drawn up based on the staffing levels and experience in the IT Unit. However, it was agreed that it was necessary, before issuing the service level agreement, to improve the standard of service provided to Departmental staff by the IT function. We piloted an outsourced helpdesk service comprising telephone and desktside support in the latter part of 2001. It is anticipated that the experience gained under the pilot will pave the way for a fully outsourced helpdesk service in 2002. This will enable the development of a realistic service level agreement with our internal customers.

### Integration of Voice and Data Communications to Improve Services Delivery

In 2001 we investigated the possibility of integrating voice and data communications allowing priority to be afforded to voice over Internet Protocol. It emerged, however, that the potential benefits to the Department would not justify the upfront investment cost and the project is not being pursued further.

**OBJECTIVE 5 (vii)****To enhance our ability to deliver our business goals through a proactive approach to the European Union.**

Our ability to deliver on our business goals across all policy areas is inextricably linked with the European Union. The pervasive influence of the EU is reflected throughout the various activities of the Department reported on throughout this Annual Report. The Mission Statement of the Department very much reflects the new strategic goal for the Union set at the Lisbon Summit in 2000 to become by 2010 "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion". It is vital that we continue to take a proactive approach to EU affairs. The Department has a dedicated EU Affairs Section which, in conjunction with a cross-divisional Committee on EU Affairs, contributes to the achievement of our objectives through monitoring/linking of developments arising at EU level with Departmental strategy.

An internal Departmental Management Conference on EU matters was held in January 2001. The Department participated during 2001 in discussions at the level of various inter-departmental Committees, including the Senior Officials Group, on key European Union issues. This contributed to the shaping of initiatives and the determination of key objectives in a number of policy areas, including Ireland's input to the Stockholm European Council in March 2001, and to the Barcelona European Council in March 2002 which is to review and carry forward the Lisbon Agenda.

Preliminary preparations for the next Irish Presidency of the European Union, (January to June 2004), formally commenced in the last quarter of 2001. Work in this area will intensify in 2002 both in terms of planning the Department's own approach to the programme for the Presidency and contributing, in

various inter-departmental and other fora, to Ireland's overall preparations.

*"It is vital that we continue to take a proactive approach to EU affairs."*

**OBJECTIVE 5 (viii)****To develop and implement a strategy for the online delivery of the Department's services.**

The Department fully appreciates the obligations placed on it by the Strategic Management Initiative to deliver Quality Customer Services to the Public. The use of ICTs in our work can help us to be more productive, effective and efficient in our Business Processes and consequently improve the quality of the services we deliver.

Four elements are critically important in the delivery of ePublic Services, viz:

(a) technology, (b) people, (c) processes and (d) content. Each of these elements poses a difficult challenge in its own way, but by far the most difficult element is the people challenge. Successful delivery will require a Public Service workforce with an open, flexible and resilient mindset in tackling the inevitable challenges to be faced.

Accordingly, the Department has sought to maximise the use of the ICTs in a client-centred manner for the delivery of services to business, consumers and citizens and taking into account the wider eGovernment initiatives such as Reach, BASIS and OASIS. The Department has adopted a strategic approach to this complex task and engaged XWAVE consultants to advise it on an appropriate ePublic Services Vision, our eReadiness, to recommended key initiatives and suggest other opportunities.

The XWAVE Report (available at [www.entemp.ie/xwave.htm](http://www.entemp.ie/xwave.htm)) makes recommendations in the areas of Technology, People, Processes, and Website (including electronic Forms, electronic Publications). It identified 17 priority projects to be pursued. The eDepartment Initiative (eDI) was established in 2001 to drive the implementation of the XWAVE recommendations. The immediate focus of eDI is to establish an Advisory Committee to shepherd the Initiative, and to establish Teams to develop and implement each of the projects.

## BASIS Project

The BASIS project is a cross-departmental e-Government project managed by this Department. Its objectives are to deliver integrated public sector information to the business community in a client centred manner based around the everyday actions or "events" in the life of a business, and to work with public sector agencies and Reach in the development of the delivery of electronic services to the business community.



### *Launch of Basis Website*

**An Tánaiste Mary Harney with (left) Mr Robert Baker - Young Entrepreneur of the Year and (right) Mr Niall Monks, Project Manager, Department of Enterprise, Trade and Employment**

## Website

The BASIS website ([www.basis.ie](http://www.basis.ie)) was launched by the Tánaiste in November 2001 and provides the business community with a single point of access to information on public sector services. The development of the outstanding content for this website will be completed during 2002.

## Content Management

The BASIS project co-ordinated a study, co-sponsored by Reach and OASIS, into content management and publication on the Internet. The BASIS project is now working with CMOD and a number of other stakeholders to implement the recommendations of this report.

## Integrated e-Government Services to Business

A study into the delivery of public services to the business community in a client centred manner (Public Services Broker Study) was completed in April 2001. This study identified a number of priority services for early delivery over the Internet and a cross-departmental committee has been set up under the chairmanship of this Department to implement the recommendations of the study. The BASIS project is working with the various agencies in order to expedite the delivery of e-Government services to the business community in the context of the development of the Public Services Broker.