

ACTION PLAN

Department of Enterprise, Trade & Employment

Enterprise Development Agencies & Policy Development

- ➡ Establish, within Enterprise Ireland, a dedicated structure, 'Export Ireland', to develop a more focused approach to export market intelligence and promotional activities.

Action : **A complete business process and organisational reengineering of EI's overseas and marketing support Division will be put in place. The Division will have a clear focus on client need linked with a performance driven mission.**

- ➡ The Boards of Forfás, IDA Ireland and Enterprise Ireland should have a number of directors in common and in particular a common Chairperson.

Action : **In consultation with the enterprise agencies, the Department will identify where co-ordination problems arise and the most suitable procedures to address them. This will be completed by mid 2005.**

- ➡ The enterprise activities of Shannon Development should be brought within the remit of Enterprise Ireland and IDA Ireland.

Action : **Discussions are taking place to evaluate the future role of Shannon Development in the context of the establishment of Shannon Airport Authority. Any restructuring decided on as a result of these discussions will substitute for this recommendation.**

- ➡ The City and County Enterprise Boards (CEBs) should be integrated into the mainstream enterprise development system by establishing a Central Coordination Unit in Enterprise Ireland.

Action : **The Department has held preliminary discussions with Enterprise Ireland about setting up the proposed CEB co-ordination unit to bring greater cohesion to the strategic and operational activities of these agencies. The remit and functions of the unit will be determined in consultation with Enterprise Ireland and the City and County Enterprise Boards. The unit will be established by mid 2005 and will be fully operational within a few months.**

- ➡ Develop sector expertise in the enterprise agencies by: 1. Organising operations in each agency around groups of clients with common interests, with these groupings as

consistent as possible across the agencies. 2. Recruit specialist expertise from outside the agencies in order to drive the export sales and applied technology agendas across enterprise.

Action : **EI has undertaken an in depth strategic review of its overseas marketing function. A similar study is underway regarding technology support services. The necessary human resources, sector/market knowledge requirements and experience to operationalise these arrangements is being assessed. This will be completed by April 2005.**

- ➡ Establish a five-year programme, to place, on a cost-sharing basis, 1,000 graduates and internationally experienced professionals in Irish firms to augment the stock of national sales and marketing talent.

Action : **A pilot project to assess the cost, benefits and challenges of a long term programme will be designed. A pilot programme will be designed by mid 2005.**

- ➡ Target sales and marketing and European headquarters projects from both established multinationals and smaller companies at the early stage of internationalisation.

Action : **IDA Ireland is already targeting this FDI sector.**

- ➡ Allocate a budget of €20 million per annum for five years from existing enterprise development agency resources to support the creation of enterprise-led networks to foster collaboration in defined areas of activity. All-island business networks should be supported where their complementary strengths are identified.

Action : **EI is designing a pilot programme to be built on enterprise needs, interests and requirements. New network support arrangements will exclude contributions to administration activities but will involve consideration of North/South network potential. Programme design should be completed by June 2005.**

- ➡ The private sector, with co-investment from Enterprise Ireland, should continue to stimulate the development of seed funds to address gaps in the financing of business start-ups.

Action : **There will be no contraction in Enterprise Ireland's (EI) commitment and funding for Seed and Venture Capital Programmes.**

Action : **The limit on (EI's) contribution to these funds has been increased to €97 million.**

- ➡ The enterprise development agencies should place increased emphasis on the Board and the management capabilities of firms to which they are providing support.

Action : Human Resources are an intrinsic component of EI's business support model and for IDA Ireland in projects that help move clients into new areas of knowledge activity. EI's business support model covers key business functions, any one of which cannot be supported in isolation from the others.

Action : The enterprise development agencies will apply sufficient resources to meet client requirements in this area.

➡ To create a shared vision at a senior political level of the nature and importance of the enterprise agenda, institute twice-yearly Cabinet meeting dedicated to enterprise, to debate and prioritise the cross-departmental responses required for enterprise development, commencing with the recommendations set out in this report. These Cabinet meetings should be supported by an Expert Group on Enterprise, meeting at least quarterly and consisting of the Secretaries General from the six departments specified and approximately four senior figures from the enterprise sector.

Action : An Expert Group will be formed comprising four senior representatives of the enterprise sector; relevant Secretaries General will be in attendance.

Action : The Minister will report to Government on the implementation of the recommendations of the Enterprise Strategy Group twice a year.

Action : The Minister will meet with this Group in preparing his report and may request one or more members of the Group to make a presentation on particular issues to the Government.

Action : This arrangement will be reviewed within two years of the first meeting of the Group in the light of the then position regarding implementation of the ESG recommendations.

Science & Technology

- ➡ Establish, within Enterprise Ireland, a dedicated structure, 'Technology Ireland', to develop a cohesive, strategic and focused approach to market led applied research and technological development and to leverage increased enterprise investment.

Action : **A joint team with the enterprise agencies to examine how this concept can be operationalised has been established and will make recommendations to the Minister on this issue in early 2005.**

- ➡ Public funding for applied research and in-firm R&D should be progressively increased to match that invested by the Department of Enterprise, Trade and Employment in basic research. This includes support for in-firm capability development, commercialisation, cluster-led academic research and innovation partnerships.

Action : **Government will consider the need for additional funds in the context of the National Research and Development Action Plan.**

- ➡ Continue funding for Science Foundation Ireland research programmes on a multi-annual basis beyond the current National Development Plan.

Action : **Science Foundation Ireland is a key component in national science policy. This will not change after 2006.**

- ➡ Develop an effective oversight and review mechanism that includes the appointment of a Chief Scientist, to optimise Ireland's national investment in science, technology and innovation. It should provide strategic direction to and co-ordinate national investment and should include structured evaluations of R&D expenditure.

Action : **The Chief Science Advisor took up his position on 1 September.**

- ➡ Draw up a national research and innovation strategy statement. An integrated approach to policy formulation and implementation should be undertaken that involves all players (enterprise, research community, state agencies, etc) in the national innovation system.

Action : **The Government has approved new governance and coordination arrangements for Science, Technology and Innovation (STI) involving all key Departments. These arrangements will provide the basis for an integrated approach to policy formulation and implementation, building on the findings and recommendations of the ESG Report and the National Research and Development Action Plan. The Inter Department Committee on STI met in December and has started its work.**

- ➡ Establish a consultative process to identify technology platforms. These platforms should be used to prioritise state expenditure on research and enterprise development.

Action : This will be addressed in the context of future technology investments and the strategic orientation of Science, Technology and Innovation policy.

- ➡ Establish a competitive innovation fund for higher education institutions, to encourage them to further exploit knowledge and deliver innovative services to enterprise. Ring-fence a proportion of the fund to support institutes of technology in fulfilling this role (HEA). Projects should be evaluated by a panel that is representative of enterprise. Expenditure from the fund should be monitored and reviewed on a regular basis.

Action : This recommendation is linked with that concerning additional funding for applied research. Enterprise Ireland has an allocation of €10 million to support commercialisation of research in higher education institutions.

Action : Expenditure on different aspects of RTI will be available, will be proportional to enterprise need and the absorptive capacity of recipients.

- ➡ Monitor and assess the effectiveness of the planned R&D tax credit in increasing levels of R&D investment in Ireland, and make modifications to the scheme if necessary.

Action : This will be undertaken when sufficient data is available to assess the uptake of the credit and its impact on levels of business research and development.

Labour Force Development

- ➡ Establish a national 'One Step Up' initiative, facilitated by the National Framework of Qualifications. While this initiative seeks to engage with the workforce as a whole, it should pay particular attention to the people with low levels of qualification and in low-level occupations, which are least likely to receive sufficient access to learning opportunities.

Action : Progress on recommendations of the Taskforce on Lifelong Learning are being overseen by an Inter Department Committee.

Action : During 2005 FÁS investment in this area will increase by almost €48 million. Most of the additional funds will be directed to in company training.

Action : A workplace Education Fund will be set up with a budget of €2 million. This will target employees with the lowest skills levels and particularly those with difficulties with literacy and numeracy.

- ➡ Provide training for a range of occupations, for those not completing the Leaving Certificate, through new work-study programmes, relevant to the needs of the labour market. Qualifications from these programmes should be equivalent to Leaving Certificate standards.

Action : The apprenticeship system for existing trades is being updated by the NCCA. FÁS is progressing 10 additional occupations towards formal apprenticeship training and qualification and is considering others. FÁS is developing options following its review of the Traineeship Programme. Implementation of these will commence during 2005.

- ➡ Develop a strategic skills-based immigration policy in order to attract and retain the necessary highly skilled workers from outside the EU who will be required to support enterprise development.

Action : Policy will be developed in consultation with FÁS, Forfás, the Expert Group on Future Skills Needs and other national stakeholders. Work will shortly commence on drafting new policy options. A policy statement will be issued by mid 2005.

- ➡ There should be an increased focus by FÁS on training for those in the labour force and funding should be allocated to reflect this reorientation of FÁS's remit.

Action : Additional funding of €12 million is being provided in 2005 to expand FÁS's existing Competency Development Programme, aimed at those in employment. A further €15 million is being provided in 2005 to provide a new in company training initiatives to be delivered by FÁS and others. These will leverage resources from the European Social Fund.

- ➡ The Government should review its approach to the delivery of the community employment and training initiatives. These should not be a priority for FÁS.

Action : Following a review of employment schemes and in consultation with the social partners, 25,000 places will continue to be available under three schemes – Community Employment, Job initiative and the Social Economy Programme. Changes in the operation of these schemes have also been introduced.

- ➡ Individuals should be facilitated to manage work, learning and caring commitments throughout their working lives, for example through a restructuring of pensions and other benefit schemes.

Action : The National Framework Committee for Work/Life Balance Policies is developing and supporting such policies at enterprise level.

Competition

- ➡ Review and dismantle the many legislative shelters, which serve to protect existing operators and restrict competition. In particular, quantitative restrictions of any kind that limit market entry and shelter incumbents should be removed.

Action : Studies by the Competition Authority into the banking, insurance and professional services markets are progressing. The Authority published its final report on competition in the Engineering Profession on 1 December 2004. The report of the legal services will be published on the 24th February 2005 and the Authority expects to release its reports and recommendations on the other professions during 2005.

Action : The Authority published a report on the Banking Sector on 14 December 2004. Interested parties have submitted their comments to the Authority and a final report is expected by mid 2005.

Action : The Authority's final report on competition issues in the non life insurance market is expected in March 2005.

Action : Proposals for advancing issues concerning this recommendation will be also taken up by the Better Regulation Group.

- ➡ Implement a regime of civil sanctions for infringement of competition law in conjunction with the Competition Authority.

Action : Discussions are taking place with the Office of the Attorney General to determine how this recommendation can be advanced in the context of Constitutional constraints. A policy decision will be taken in early 2005.

ACTION PLAN

Department of Communications, Marine & Natural Resources

- ➡ Accelerate the remaining phases of the Broadband Action Plan (particularly to key NSS centres) and promote emerging communications technologies that could accelerate the uptake of high-speed broadband services in homes and businesses.

Action : Fibre-based infrastructure to be implemented in all 120 towns identified in the Government's Metropolitan Area Networks strategy by end 2006.

- ➡ Establish a competitive single national rate for national backbone access (over state-owned networks). This would facilitate uptake of broadband by businesses and consumers in the regions, as well as helping to attract foreign investment to the regions.

Action : Department will put in place by end 2005 an open access backhaul product from each metropolitan fibre ring to an international connecting node on the basis of a single nationwide price.

**Department of
Education & Science**

- ➡ Incorporate work placements and modules that focus on the practical capabilities required by firms into marketing and sales curricula. These should be available to students of technical disciplines.

Action : Institutes of Technology are introducing modularisation and semesterisation to facilitate interdisciplinary study.

Action : The Department encourages third level colleges to respond to industry and market demands.

Action : Council of Heads of Irish Universities response to this recommendation expected early in 2005.

- ➡ The proportion of graduates in Ireland should be in the top decile of OECD countries and the quality of awards from the Irish higher education sector should be benchmarked internationally.

Action : HEA is preparing targets & measures to achieve the top decile rate. HEA will issue consultation document on its plan by March 2005.

Action : Initiatives in relation to improving retention/completion rates are underway. HEA has dedicated €4 million to developing university capacity to improve retention rates.

Action : New funding mechanism for universities will provide ways to incentivise enhanced completion levels.

- ➡ The enterprise sector should play an increased role in the governing bodies of higher education institutions and related bodies such as the HEA. To maximise efficiency and enhance responsiveness, such bodies should be reduced in size and reflect in equal proportions the needs of enterprise, education and society.

Action : The Department of Education and Science and the Higher Education Authority made submissions to the OECD review about overhauling Universities' governing structure, including wider stakeholder participation.

Action : Following the OECD's recent recommendations about enhancing our education system, an implementation strategy is being prepared. This will include arrangements associated with governance of Higher Education Institutions.

Action : An intensive round of consultations on this issue is due to start in the first quarter of 2005.

- ➡ Devise a funding framework that combines core funding with a competitively based element, allocated on the basis of performance. Actively encourage additional diverse sources of private funds.

Action : HEA issued a consultation document on a revised funding model to incorporate funding on an increased strategic and competitive basis. This achieved broad stakeholder agreement.

Action : On the basis of agreed principles, a new funding system is being developed. This will be phased in from 2006.

- ➡ Increase the Leaving Certificate completion rate to 90%.

Action : All disadvantage programmes are being reviewed and programme expansion is being considered. These will be reported on during 2005.

- ➡ Entrepreneurial skills should be included in the syllabus for the senior cycle and any necessary curricular changes made at primary and junior cycle level.

Action : Entrepreneurial multi-skilling based on core abilities in literacy and numeracy and the use of information and communications technologies, is included in the revised primary curricula. Actions at primary and junior cycle level include extending higher order thinking abilities, developing problem solving skills and building competencies in a second language.

Action : These recommendations for the reform of the Senior Cycle are being considered by the National Council for Curriculum Assessment (NCCA). The NCCA will report to the Minister for Education and Science in early 2005.

Action : Enhancing entrepreneurial culture and abilities will continue to be promoted through the Transition Year Option, the Leaving Certificate Vocational Programme (LCVP) and the Leaving Cert Applied Programmes. Overall some 40,000 + students engage in work experience as part of these programmes. Schools are encouraged to participate in Junior Achievement, National IBEC Business Education Links Scheme and other young entrepreneur activities.

- ➡ Continue funding the Higher Education Authority research programmes on a multi-annual basis beyond the current National Development Plan.

Action : Government will decide the allocation of research investment resources when agreeing its investment priorities for the period post 2006.

Action : Funding for Programmes for Research in Third Level Institutions has been provided to the Higher Education Authority since 1998. This form of research funding is a policy priority.

**Department of the Environment, Heritage &
Local Government**

- ➡ Develop a mechanism to enable strategic national infrastructure projects to be processed quickly through the planning system and a special division of the High Court established to deal with judicial reviews of major infrastructural projects and third-party planning appeals.

Action : Additional resources and efficiency measures have already contributed to making the planning process more responsive. The Cabinet Sub Committee on Housing, Infrastructure and Public Private Partnerships is reviewing the potential for additional measures to further accelerate the assessment and delivery of major infrastructure projects from proposal to completion. Policy options to quicken the pace of infrastructure planning approvals are being analysed. New initiatives will be published in 2005.

Action : High Court procedures are a matter for the President of that Court although they also come within the general responsibility of the Minister for Justice , Equality and Law Reform and the Attorney General. Initiatives to alleviate undue delays in the judicial review process will be reviewed by the Cabinet Sub Committee. Case load administration and procedures in the High Court are being re-evaluated. Initiatives to alleviate undue delays in the judicial review process will be reviewed by the Cabinet Sub Committee.

Department of Finance

- ➡ The Government should reiterate its commitment to the current corporation tax rate of 12.5% on trading profits.

Action : The Finance Act 1999 provides that the 12.5% rate applies to trading income, "for the financial year 2003 and each subsequent financial year". The legislation sets out the future tax regime for business in clear and unambiguous terms.

- ➡ The Government should recommend to the EU to have VAT on business to consumer electronic transactions charged at the standard rate in the customer's location.

Action : The European Commission is aware of Ireland's position and a proposal to change the VAT rules for electronic services is expected in 2005.

- ➡ The carbon tax should be set initially at a low level and paid by all sectors of the economy, on all fuels.

Action : Government has decided not to introduce a carbon tax.

- ➡ The Government and the social partners should urgently address the question of taxation of gain-sharing related payments, in order to expedite implementation.

Action : Following the mid term review of "Sustaining Progress", the social partners agreed a timescale for discussions on this topic. The Department of Finance has stated that, despite the practical difficulties in designing gainsharing schemes, it would be prepared to examine any viable options on gainsharing which may be developed in the future. However, in considering any such schemes, it would have to be clear that they were not likely to become a form of tax relief on pay, which could become very expensive for the Exchequer.

- ➡ Maintain the income tax relief afforded by the Business Expansion Scheme / Seed Capital Scheme.

Action : State Aid approval has been received from the European Commission for the Business Expansion Scheme and the Seed Capital Scheme to continue. On the 29th November 2004, the Minister for Finance signed a Commencement Order bringing the schemes into effect from 5th February 2004 until 31 December 2006 in line with the Commission approval.

Department of Foreign Affairs

- ➡ Examine the potential for infrastructural development required to promote trade between Ireland and Northern Ireland and make concrete proposals to the two Governments

Action : Work is taking place within the North/South Ministerial Council and outside it to enhance North/South infrastructure and there has been significant co-operation between Government Departments to date. This will continue. The benefits of North/South collaboration on infrastructural development will also inform work of the Cabinet Sub Committee on Infrastructure, Housing and Public Private Partnerships, so that island infrastructure requirements can be examined for mutual and maximum benefit.

Department of An Taoiseach

- ▶ Regulatory Impact Analysis process must be fully transparent. RIAs should be published (subject to freedom of information confidentiality rules). While individual government departments and agencies should have the primary responsibility for conducting the RIAs, the Department of the Taoiseach should have a strong screening role and the power to reject RIAs due to inadequate analysis or enterprise consultation.

Action : The current RIA pilot project involving several Departments will address many of the recommendations of the ESG. The business costs of regulations will be taken into account in the model, either through consultations or through cost-benefit analysis. Options in relation to RIA publication and scrutiny will be further assessed on the basis of the experience of Departments during the pilot phase.

- ▶ **1.** Re-energise the Strategic Management Initiative / Delivering Better Government programme by clearly articulating and prioritising policy goals. **2.** Give public service managers the autonomy needed to deploy resources as necessary and by developing a more effective system of performance accountability.

Action : The Public Service Modernisation programme will continue to drive civil service efficiency and productivity reforms. The process will be continually extended and improved with progress reviewed as the programme develops.

Action : By end 2004 most Departments will have installed modern financial and management information systems (the Management Information Framework - MIF), which will facilitate progressive improvements to internal resource allocation and external accountability.

Action : An individualised Performance Management and Development System (PMDS) has been implemented across the Civil Service. Negotiations are underway to integrate this with assessments for increments, promotion and other HR systems. The PMDS system is linked to organisational performance and accountability through business plans, three-year strategy statements and annual reports.

**Department of An Taoiseach -
Infrastructure Committee**

- Invest in infrastructure ahead of demand in key locations. Investment should be prioritised in National Spatial Strategy designated gateways and hubs to enable them to achieve their regional potential.

Action : Development of the NSS Gateways and Hubs will be sustained as a national development priority. Research is underway to assess investment priorities for NSS locations. This will be completed in the second half of 2005.

- Develop a strategic infrastructure investment programme for the period beyond 2006. Based on the current and future needs of industry, the programme should prioritise investment in broadband, national roads, waste management, air services and energy.

Action : Consideration will be given to infrastructure investment post 2006 in the context of the strategic financial framework provided by the Capital Envelopes.

- **1.** Each infrastructure project should be the responsibility of a single department or agency. **2.** Specific guidelines for consultation between agencies should be developed to clarify respective remits and responsibilities. **3.** Government departments and agencies should ensure that they have adequate planning and project management skills to manage infrastructure projects.

Action : The five year Capital Envelopes require Departments to report on physical and financial progress on major projects and all programmes. This ensures greater accountability and measurable progress.

Action : Department of Finance is investigating project management issues and wider infrastructure investment. As regards Public Private Partnerships, the Department of Finance is continuing to keep under review how the resources and skills required to manage the process can most effectively be marshalled and applied and how procedures used in this form of procurement can help drive value for money outcomes.

- Examine the potential for infrastructural development required to promote trade between Ireland and Northern Ireland and make concrete proposals to the two Governments.

Action : Work is taking place within the NSMC and outside it to enhance North/South infrastructure improvements. Significant co-operation has been achieved to date between Government Departments. This will continue.

Action : North/South infrastructure requirements will in future be also considered by the CDT so that all island infrastructure requirements can be examined and coordinated for mutual and maximum benefit.