



an roinn fiontar, trádála agus fostaíochta
department of enterprise, trade and employment

**Second Progress Report on
Implementation of the Recommendations
of the
Report of the Small Business Forum**

March 2007

Recommendation 1: Access to Finance

For Growth Capital

(a) Encourage financial institutions to provide European Investment Fund guaranteed loan finance to small businesses.

(b) Enhance the Business Expansion Scheme (BES) and the Seed Capital Scheme (SCS) as follows:

- Extend the lifetime of both schemes to 2013;***
- Increase the individual investment ceiling for the BES to €250,000 and for the SCS to €100,000;***
- Increase the BES/SCS investment ceiling to €2 million per company;***
and
- Simplify the operation of both schemes, and promote them more actively.***

(c) Further develop networks of Business Angels in order to encourage investment by private individuals in seed and early-stage businesses.

For Working Capital

(d) Amend the Companies Act to require large companies to publish in their annual accounts details of their average creditor days

Recommendation 1(a)

Encourage financial institutions to provide European Investment Fund guaranteed loan finance to small businesses.

Response:

Loan Guarantees from the European Investment Fund had been provided for under the EU's Multi-Annual Programme for Enterprise and Entrepreneurship 2001–06 (MAPEE). However, with effect from the start of the current year, the MAPEE has been replaced by the Competitiveness and Innovation Programme (CIP) 2007-2013.

The CIP will continue to support an *SME Guarantee Scheme*, through which counter- or co-guarantees to guarantee schemes and direct guarantees to financial intermediaries may be provided, in order to increase the supply of debt finance to SMEs. The amount of support available under the scheme will need to be negotiated individually with each originating institution. The European Commission and the European Investment Fund are currently reviewing the detailed Guidelines and application procedures for the new programme including, the Guarantee Scheme. It is understood that this review takes account of the experiences of SME's under the previous MAPEE Programme, with a view to making the application process less burdensome on both applicants and intermediaries. This review is expected to be completed during the second quarter of 2007.

Following completion of this process, the Department will consider, in consultation with the European Commission and the European Investment Fund, what mechanisms might be put in place in Ireland to enable Irish SME's access funding under the *SME Guarantee Facility*. It would be intended to consult with the IBF and, possibly, individual financial institutions, once the detailed arrangements for the new programme are clear.

Recommendation 1.(b).

Enhance the Business Expansion Scheme (BES) and the Seed Capital Scheme (SCS) as follows:

- ***Extend the lifetime of both schemes to 2013;***
- ***Increase the individual investment ceiling for the BES to €250,000 and for the SCS to €100,000;***
- ***Increase the BES/SCS investment ceiling to €2 million per company; and***
- ***Simplify the operation of both schemes, and promote them more actively.***

Response:

The Budget Speech by the Minister for Finance on 6 December 2006, proposed a number of welcome enhancements to the Business Expansion Scheme (BES) and the Seed Capital Scheme (SCS). The Finance Bill 2007 published on 2nd February 2007 confirms these, proposes a number of further relaxations, and makes some technical changes.

Proposals confirmed

The Bill confirms a number of Budget proposals, including:

- doubling the amount which can be raised by a company from €1m to €2m (subject to an overall maximum of €1.5m being raised in a 12-month period)
- increasing the relief to an investor in any year from €31,750 to €150,000 in the case of BES, and €100,000 in the case of SCS
- allowing investors who invest in qualifying companies or funds prior to 31 January 2007, the opportunity to claim tax relief either in the tax year 2006 or 2007.

Further extensions and relaxations

Relief will now be extended to a company that carries out recycling activities which has received a grant or financial assistance from an industrial development agency. The Finance Bill 2007 also provides that companies who carry on internationally traded services will qualify for the scheme once they have an employment grant approved (rather than when the grant has actually been

received). Ordinarily, an individual who holds more than 30% of the capital of the company will not qualify for relief.

However, that restriction does not apply where the aggregate capital of the company is less than a particular amount, and that amount has been increased from €317,500 to €500,000.

Technical amendments

The proposals are subject to a number of administrative provisions:

- The timing when relief can be claimed is extended from 31 December 2006 to 31 December 2013.
- The Finance Bill 2007 includes provisions obliging fund managers or companies, where required, to provide the Revenue Commissioners with information necessary to comply with European Commission Report Requirements.
- A technical change is made to amend references to the Developing Companies Market with references to the Irish Enterprise Exchange.

The position is that no tax relief has been granted, and none will be granted under the extended schemes, until the relevant legislation is passed by the Oireachtas, European Commission approval has been received, and the legislation commenced by a Ministerial Commencement Order.

Recommendation 1(c)

Further develop networks of Business Angels in order to encourage investment by private individuals in seed and early-stage businesses.

Response:

In November 2005, Enterprise Ireland and InterTradeIreland committed €200,000 to fund the Business Angels Network which is managed by Dublin BIC (Business Innovation Centre) and supported by the Cork, Waterford and Galway BICs.

The HALO Business Angel Partnership is a two-year initiative and is designed to establish an active Business Angel Network to encourage business investments. To date, over 100 business angels have registered with the partnership.

It was agreed that an interim review would be undertaken after 15 months of operation, and that, a final review/evaluation would be undertaken by external consultants before the pilot is complete (September 2007). This interim review has been completed. It found that the pilot is performing well against the targets set out. Activity on deals done has picked up considerably in the past six months. Five deals involving total investment of €570,000 have been finalised while more are in active discussion between investors and companies.

The emphasis of the remainder of the pilot is on continuing to recruit companies seeking funding, and facilitating active liaison between the companies and the investor base. To this end, the secondment of a member of Enterprise Ireland staff to the Business Angel Partnership for a 6-9 month period was recently agreed. Work will also begin shortly on seeking appropriate independent consultants to carry out the agreed final review. All possible options for future development will be considered at that point including the expansion of the existing network, creation of additional networks or the possible role for State co-investment with Business Angels (as suggested by the Forum).

Recommendation 1(d)

Amend the Companies Act to require large companies to publish in their annual accounts details of their average creditor days

Response:

The Department is concerned that the proposal as formulated would have a limited impact in meeting the concerns of the Forum because of the significant role played by unlimited companies in the Irish economy. A company with unlimited liability is not required to file its annual accounts with the CRO (the only annual public filing required of such a company is the auditor's report to members which does not generally contain figures.). For example, it would not capture potentially important debtors such as some of the major supermarket multiples who are incorporated as companies with *unlimited liability*.

Against this background, it seems likely that small companies would derive significantly less benefit from such a provision than may have been envisaged by the SBF. This calls into question the balance between that benefit and the potential adverse impacts that would be associated with implementation of the measure, including the additional regulatory burden for those companies that would be required to file the information specified in their annual accounts. On balance, therefore, the Department does not consider it appropriate to proceed in the manner suggested.

At the previous review meeting, it was suggested that an alternative approach might be to create a legislative requirement that companies would have to pay all invoices within a specified deadline, e.g. within 30 days or by the end of the month following the issue of the invoice. It was also suggested that adherence to this requirement should be subject to enforcement by the Director of Corporate Enforcement.

The Department has considered this alternative suggestion but has concerns on a number of fronts, viz,

- The proposal would remove the freedom that businesses currently enjoy to agree whatever contractual terms they feel are appropriate to the transactions between them. For example, agreeing to longer payment terms might encourage a customer to pay a higher price or to stock a line of products that they might otherwise not be particularly interested in;

- The proposal could put Irish suppliers at a competitive disadvantage vis-à-vis suppliers from outside the jurisdiction who could not be brought within the scope of the requirement;
- The proposal would impose a significant regulatory burden on all businesses, including small businesses, to ensure that payments are all made within tight timeframes regardless of circumstances in order to avoid sanctions;
- The proposal would impose a significant additional burden on the work of the ODCE and could result in the disruption of the important work being done by the Director in other areas (because of a diversion of resources).

In the light of the foregoing, the Department considers that the possible advantages of this proposal are very much outweighed by the significant disadvantages that could arise, that it is a disproportionate response to the issue and, accordingly, that it could not recommend implementation of this suggestion.

Recommendation 2: Management Capability

Raise the standard of management capability in small Irish businesses to the level of the best international practice by:

- ***Stimulating demand among small business owner/managers for management development initiatives; and***
- ***Establishing a Management Development Council to ensure that the programme meets the needs and learning styles of owner/managers, through continuous monitoring and evaluation of the available programmes.***

Response:

A number of initiatives currently underway are contributing to the stimulation of demand for management development among small business owners/managers, including:

- In January 2007, the Small Firms Association launched the SFA National Centre of Excellence (NCE) initiative, with financial support of €1.2 million from the FAS Strategic Alliance Programme. Since then a promotional road-show has visited 15 locations throughout Ireland involving more than 800 participants. The SFA NCE road-show provided, free of charge, information, advice and assistance on the benefits of training for owner-managers and their business. The road-show provided a one-stop shop for anyone interested in management training and featured presentations from expert trainers, who outlined the various training programmes that are being offered by the SFA NCE.
- Also under the **Strategic Alliance Programme**, two further calls for proposals were made last year. One such call exclusively sought training proposals to address the needs of the SME sector, including proposals based on their management developments needs. The **FAS** executive is currently examining proposals received as a consequence with a view to shortly making recommendations to its Board.
- **Skillnets** review of training activity carried out through its programmes last year highlights the importance of the manager/supervisor and owner manager groups of employees as a key cohort (about 45% of the total) benefiting from training. They continue to place significant focus on these groups and anticipate that the level of training enjoyed by them in 2007 will be at least as great as those of last year. Member companies

of the training networks that participate in the **Skillnets** programmes are predominantly small and medium sized enterprises, about 94% of the total.

Skillnets has recently undertaken an awareness building campaign, engaging with enterprise to generate funding applications for the period 2008-2009. The campaign also presents funding opportunities for new groups in 2007 by way of Development Grants, the purpose of which is to encourage the development of new training networks. **Skillnets** awareness building campaign, aimed at developing capacity, includes marketing the small business community at seminars around Ireland. It also involves the presentation of case studies by proprietors of small and medium sized enterprises in order to encourage others to take part in future programmes.

Management Development Council

The Minister has approved the establishment of the Management Development Council for a period of three years. The name of the new Chairperson, who will be active in industry, will be announced by the Minister in the near future. The Council will bring together the suppliers and users of management development training. It will address concerns that have been put forward about the adequacy, accessibility, relevance and affordability of existing provision for management training. As a consequence of this review, the Council will, if deemed necessary, make recommendations for change in the interest of improving managerial standards, further facilitating the provision of training that is required and valued and promoting its importance of modern management skills to under-pining competitiveness, business expansion, economic and employment growth.

Invitations to participate in the work of the Council were issued to FAS, Skillnets, Enterprise Ireland, the Association of Chief Executives of County Enterprise Boards, the Irish Management Institute, the SFA and ISME. Most have nominated members. In parallel, a number of small business owner/managers have also been invited to become Council members.

The inaugural meeting of the Management Development Council will take place after Easter.

Recommendation 3: Research, Development and Innovation

- a) Make Innovation Vouchers available to small business in every sector, to be exchanged for advice, expertise and information from accredited knowledge providers.***
- b) Provide Knowledge Acquisition Grants to enable small businesses in the manufacturing and internationally traded sectors to gain access to research-based knowledge, expertise and facilities in higher education institutes, research bodies and large private enterprises, on a co-funded basis.***

Response:

This recommendation has been channelled through Technology Ireland, which was established as a virtual structure under the aegis of the Office of Science, Technology and Innovation (OSTI) at the Department of Enterprise, Trade and Employment to help ensure fully joined up thinking and action on the R&D agenda that impacts on enterprise.

Innovation Vouchers

The Innovation Vouchers proposal has been designed to stimulate an on-going cultural shift with regard to innovation within the small business sector while bridging the gap that exists between the small business community and public research bodies.

Minister Martin formally launched the pilot Innovation Voucher Initiative, which is being administered by Enterprise Ireland, on March 21st. Applications are now being sought from small businesses who have a business opportunity or problem that they want to explore for an Innovation Voucher worth €5,000. The vouchers can be used to facilitate knowledge transfer from the public research sector and small businesses. The Vouchers will be available to the widest possible range of small businesses in Ireland, not merely to EI clients.

In the design of the Initiative, EI met with, and was influenced by, Senter Novum who pioneered Innovation Vouchers in the Netherlands, where very positive benefits are accruing to small businesses resulting from participation in their programme.

To enhance the attractiveness of the initiative, EI has ensured that the process is as non-bureaucratic as possible. In addition, unlike the Netherlands scheme, no matching private funding is required by small businesses. EI's assessment process will ensure that those applications that demonstrate clear added-value for their respective businesses and that are innovative in nature, will be awarded an Innovation Voucher.

EI has appointed a specific project manager who will act as an immediate, identifiable and initial point of contact for those that require information about the Innovation Vouchers Initiative. EI has also established a specific website at www.innovationvouchers.ie which provides further information including application forms.

The pilot phase, which will see 200 Vouchers being issued, commences on 2nd April with a closing date of April 30th 2007. EI will undertake, close and on-going scrutiny of the initiative, as it is rolled out and make any necessary changes as required. Once the pilot is complete, EI will undertake an immediate evaluation of the initiative to see how it can be further developed.

Knowledge Acquisition Grants

The recommendation is relatively broad, with the objective of developing the innovation capability and absorptive capacity of small companies. In this context, it is not dissimilar to a number of schemes currently operated by EI.

EI has undertaken some international comparison on this proposal. The objectives and possible activities outlined in the report are similar to schemes run in other EU countries such as *Knowledge Transfer Partnerships* in the UK and *Knowledge Transfer Entrepreneurs SMEs* (that stimulates SMEs to absorb existing knowledge) in the Netherlands. As part of the implementation process, EI has examined these and other schemes in the context of the proposed scheme to ascertain lessons that might be applied around administrative requirements.

As part of the implementation of the Government's Science, Technology and Innovation Strategy, EI has been working on developing a suite of supports specially designed for the particular needs

of manufacturing and internationally-traded service companies. This includes an R&D Stimulation grant to encourage companies that have not carried out R&D in the past (or which have done so on a sporadic basis) to develop the establishment of a sustainable R&D activity.

Within the context of the new R&D Stimulation Grant programme, EI will deliver the Knowledge Acquisition Grants scheme, which will allow grants of up to €50,000 to be paid on a once-off basis for projects up to 1 year.

EI has taken into consideration the new EU Framework on State Aid for R&D and Innovation. It is anticipated that EI's new single funding initiative for in-company Research and Development will be rolled out in mid-2007 once clearance has been obtained from the EU Commission.

Recommendation 4: ICT

Drive awareness and understanding of the role of ICT in improving business performance, by creating a subsidised scheme costing €2 million a year for three years to help small businesses to avail of an ICT audit. This audit will enable businesses to access customised, independent, professional advice on the use of ICT to improve productivity and foster growth.

Response:

The Department has been working with the County and City Enterprise Boards on the development of a scheme along the lines proposed by the Small Business Forum. It is envisaged that up to 2,000 businesses will be able to avail of a highly subsidized ICT Audit of their existing systems in the first year. Following their audit each business will be presented with a short, clear action oriented and realistic strategy aimed at developing and deploying ICT skills, systems hardware and software where they can deliver real and sustainable competitive advantage. Subject to a successful rollout of the programme in year 1, it is planned to repeat it for a further 2 years, at least.

The scheme will be supported and complemented by a number of seminars at venues throughout the country for interested businesses that will promote the use of new information and communications technologies and demonstrate how the use of such technologies can benefit their businesses. It is intended that these seminars will act as a promotion tool for the audit programme.

At this stage, the details of the scheme have been agreed and tenders are being sought for the supply of an online audit tool for use by the mentors who will conduct the audits and also to recruit a PR consultant to advise and assist with the promotion of the scheme. It is intended that the scheme will be made available to small business in Ireland shortly.

Recommendation 5: Better Regulation

Existing Regulations

a Use the Regulatory Impact Analysis (RIA) mechanism to conduct a systematic seven-year review, with annual targets, of existing regulations that have greatest impact on small business (Taxation, Health & Safety and Employment) and amend these regulations to reduce the burden of compliance.

New Regulations:

b During Regulatory Impact Analysis, explicitly consider amendments or exemptions for small businesses. Provide Government Departments with specific guidelines on the treatment of small business.

Implementation

c Whenever possible, use a risk-based approach to regulatory implementation and enforcement. Allow new regulations to come into effect on only two dates each year to facilitate small businesses to keep track of regulatory change

Specific, immediate actions:

The following actions should be taken immediately to benefit small businesses:

I. Increase the turnover threshold above which businesses are required to be audited from €1.5 million to the EU limit (currently €7.3 million)

II. Increase the turnover thresholds for VAT exemption from €55,000 to €70,000 (on goods) and from €27,500 to €35,000 (on services);

III. Allow the preliminary payment of corporation tax to be based on the previous year's assessment where the tax for the previous year is less than €100,000 (currently €50,000).

IV. Raise the threshold for using the cash basis of accounting for VAT (for non-retail businesses) to at least €1m.

Recommendation 5(a): Existing Regulations

Use the Regulatory Impact Analysis (RIA) mechanism to conduct a systematic seven-year review, with annual targets, of existing regulations that have greatest impact on small business (Taxation, Health & Safety and Employment) and amend these regulations to reduce the burden of compliance.

Response:

The Business Regulation Forum has (on 20 March 2007) submitted its report to the Minister for Enterprise Trade and Employment and which is currently under consideration. On 8 March the Taoiseach's Office published the ESRI study (*Business Regulation Survey*) of business attitudes to business regulation. The Government has now agreed that the Minister for Enterprise Trade and Employment should lead a cross departmental and agency drive, working in cooperation with business, in addressing regulatory burdens, and put in place a mechanism, under the Secretary General of his Department, to drive this agenda at national level.

The priority areas deemed to give rise to the biggest burdens on business are Taxation returns, Health and Safety requirements, Statistical requirements, Environmental legislation and Employment and Company law. It is likely that the new mechanism will address these areas as a priority. An essential element of the new mechanism will be identification of the very specific obligations (forms, returns, reports, retention of information) that cause the biggest burden, especially in relation to small businesses. It is important therefore that business representatives contribute by helping to identify those specific obligations that they wish to address.

Recommendation 5(b) New Regulations:

During Regulatory Impact Analysis, explicitly consider amendments or exemptions for small businesses. Provide Government Departments with specific guidelines on the treatment of small business

Response:

The Office of Taoiseach has indicated that, as part of the RIA model, the compliance burden of regulatory proposals including the compliance costs to business must be measured. Impacts on competitiveness must also be considered. Experience with RIA is being reviewed on an ongoing

basis and consideration will be given to additional guidance in relation to impacts on small business after a Report on the situation to Government this year.

The Regulatory Impact Assessment Guidelines (Chapter 6.1) indicated that the Department of Enterprise Trade and Employment would develop additional material in relation to business and competitiveness impacts for inclusion in further additions of the Guidelines manual. The Department has prepared an internal 'toolkit' for use in conducting RIAs that has a specific section on assessing the impact on small business.

Recommendation 5(c): Implementation

Whenever possible, use a risk-based approach to regulatory implementation and enforcement. Allow new regulations to come into effect on only two dates each year to facilitate small businesses to keep track of regulatory change

Response:

Already the Labour Inspectorate, the Revenue Commissioners and the Department of Social and Family Affairs prioritise, in much of their inspection and enforcement work, those sectors of the economy where non-compliance is a feature.

While there can be challenges for small business in keeping up to date with regulatory change, there are concerns that restricting the commencement dates for regulations would not necessarily improve the situation and it might even create unnecessary bottlenecks within the regulatory process.

Recommendation 5: Specific Immediate Actions

Specific, immediate actions: The following actions should be taken immediately to benefit small businesses:

I. Increase the turnover threshold above which businesses are required to be audited from €1.5 million to the EU limit (currently €7.3 million)

II. Increase the turnover thresholds for VAT exemption from €55,000 to €70,000 (on goods) and from €27,500 to €35,000 (on services);

III. Allow the preliminary payment of corporation tax to be based on the previous year's assessment where the tax for the previous year is less than €100,000 (currently €50,000).

IV. Raise the threshold for using the cash basis of accounting for VAT (for non-retail businesses) to at least €1m.

Response:

Recommendation I: Audit Exemption

The Minister decided prior to publication of the Forum's report to implement this recommendation in full. The recommendation was implemented through Section 9 of the Investment Funds, Companies and Miscellaneous Provisions Act 2006 which came into effect from 24 December, 2006. The new audit exemption thresholds are turnover of €7.3m and balance sheet of €3.65m

Tax Thresholds

Recommendation II: Increase turnover threshold for VAT

Changes to the VAT registration thresholds for small businesses will be implemented which will increase from €27,500 to €35,000 in the case of services and from €55,000 to €70,000 in the case of goods. These increases take effect from 1 March 2007.

Recommendation III: Preliminary Corporation tax

The Finance Bill 2007 confirms the changes to the preliminary tax obligations of certain companies:

- Small companies are permitted to calculate their preliminary tax payments based on 100% of the prior-period tax liability if their tax liability for the prior period did not exceed a certain threshold. The Bill increases that threshold from €50,000 to €150,000.
- New companies which do not expect their tax liability for the first year to exceed €150,000 are no longer obliged to pay preliminary tax in that first year.

These changes apply to preliminary tax payments due to be made after 6 December 2006.

The Bill also introduces new measures to reduce the interest exposure of large companies in a group that do not meet their 90% preliminary tax obligation. The provision allows a group company which has exceeded its 90% preliminary tax obligation to elect to allocate the overpayment to another member of the group which has not met its 90% preliminary tax obligation. To avail of this relief:

- The companies have to be members of the same group
- Both companies have to be “large” companies
- Both companies have to give notice jointly to the Revenue Commissioners

This change applies to accounting periods ending on or after 1 February 2007.

Recommendation IV: Threshold for cash basis of accounting for VAT

The Budget announced an increase in the VAT cash accounting threshold for small firms from €635,000 per annum to €1 million with effect from 1 March 2007. Revenue will apply the threshold administratively from 1 March 2007 as a holding measure pending enactment of the Finance Bill 2007.

Recommendation 6: Local Authority Charges

Collect from the business community only its fair share of local authority funding by

- *Rebalancing the contributions of business, central government and domestic sources by introducing base broadening measures and applying a “User Pays Principle”; and*
- *Providing greater transparency and clarity in the preparation of local authority accounts.*

Specific, immediate actions:

The following actions should be taken immediately to benefit small businesses:

- *Base development charges to small businesses on the incremental costs that are directly attributable to the proposed development.*
- *Establish a Business Users’ Forum in each local authority area to improve consultation with and responsiveness to businesses.*

Response

The Minister for the Environment, Heritage and Local Government has responded to the recommendations of the Small Business Forum in relation to the issues of development charges that arise under the Planning Acts. It is the view of the Minister for the Environment, Heritage and Local Government that the current system is reasonable and equitable. Furthermore, he pointed out that there is a public consultation process prior to the adoption of every development contribution scheme.

Notwithstanding this, the Minister for the Environment, Heritage and Local Government did establish an inter-departmental group of officials to consider, *inter alia*, whether further advice should issue to local authorities on the matter of development contributions. It also considered requests to extend the development contribution system to cover other types of infrastructure. However, the Minister has indicated that he is not prepared to accede to such requests for

extending the scheme. This Department has been represented on this Group and has also been engaging with the Department of the Environment, Heritage and Local Government on a regular basis in relation to this issue to ensure that due regard is had to the need to maintain competitiveness. In addition, the Minister has also met with the Minister for the Environment, Heritage and Local Government to outline his concerns in relation to the issue.

The Interdepartmental Group has now completed its work. The Report of the Group, which will be published shortly, will reflect the emphasis on sustaining competitiveness at local level, as well as the importance of objectivity and equity in the elaboration of local schemes. The Report will emphasise that while it is critical for the right infrastructure to be put in place to attract and support investment, it is essential that development charges are proportional and do not act as a deterrent or a disincentive for future investment or as a barrier to enterprise start-ups. The Report will also emphasise the need for consultation and transparency.

Following publication of this Report, it is the intention of the Minister for the Environment and Local Government that revised Guidelines will issue to local authorities on the operation of the Development Contributions Scheme. Clearly, it will be important that business representative bodies are active in ensuring that the concerns of their members are fully taken into account by local authorities in the adoption of any future development contribution schemes.

Recommendation 7: Access to Information

Develop, launch and promote a first-stop 'Knowledge Base' – a comprehensive central resource of relevant, up-to-date, user-led business information for entrepreneurs, owner/managers and their advisers.

This Knowledge Base will be available to businesses by telephone and over the Internet, and will support a wide range of information channels, including the development agencies and other business advisors.

The Knowledge Base as envisaged will be substantially different from anything currently available from public or private sources, but it will build on the best of those sources.

Response:

Research has been undertaken on good examples from other jurisdictions (particularly the UK and New Zealand). It is envisaged that progression of this recommendation would centre around a redeveloped and recast BASIS website with an increased awareness of the facility within the business community, greater functionality and utility of the material on the site, all backed up by appropriate support structures for telephone and walk-in facilities.

The Department of Enterprise, Trade and Employment is setting up a Steering Group, including representatives of EI, Forfas, the CEBs, the BICs and the Department to consider how this might be best done. A time scale of at least two years is envisaged for the implementation of this project in an appropriate manner. It is envisaged that the Steering Group would establish relevant advisory group(s), that would include business representatives, to advise on particular issues such as the appropriate specifications and structures for the project, data collection arrangements, the type of content required and the development of content, including online tools for inclusion on the proposed Knowledge Base.

It is intended that the first meeting of the Steering Group will be held in the near future. The Department will report back to the Forum, on progress made, at its next meeting in Autumn 2007.

Recommendation 8: Encouraging more and better start-ups

Government should formally adopt a National Entrepreneurship Policy focused on optimising the number of start-up businesses, and in particular on maximising the number of start-ups aspiring to and achieving high growth.

This policy should build upon three specific platforms:

- ***Stimulating latent entrepreneurial potential, particularly among women and the immigrant community;***
- ***Reinforcing entrepreneurship in the education system; and***
- ***Enhancing the culture for entrepreneurship.***

The range of existing initiatives aimed at stimulating entrepreneurship should be incorporated into this policy, to ensure a cohesive, coordinated approach.

Response:

The Department has been working with Forfás in relation to the implementation of this recommendation. The two organisations have developed Terms of Reference for an exercise leading to the development of a policy statement on entrepreneurship, taking account of the Forum's recommendation. Phase 1 involved a desk research exercise carried out by Forfas to map current initiatives to promote entrepreneurship and to identify relevant good practice in other countries.

As part of Phase 2 of the project, an Advisory Group comprising representatives of the Department of Enterprise, Trade and Employment, Enterprise Ireland, the County Enterprise Boards, the Small Business Forum and other experts in the field has been created to provide expertise and direction to the project. This group is meeting approximately once a month between January and May 2007 to provide expertise and direction to the project.

Following its first meeting in January 2007, the Advisory Group agreed that the policy statement should draw together the many activities currently taking place to promote entrepreneurship within an overarching policy vision for entrepreneurship in Ireland. The policy statement would be drafted based on a consideration of the following five areas:

- An assessment of the framework conditions for entrepreneurship and an overview of current entrepreneurial activity and performance in Ireland;

- Ensuring coherence and coordination of entrepreneurship policy and information provision;
- Promoting the culture for entrepreneurship;
- Reinforcing entrepreneurship in the education system; and
- Stimulating latent entrepreneurial performance, particularly amongst women and immigrants. This should focus on facilitating both start-ups in general and more new “wealth-generating” start-ups as well.

A consultant has been engaged to prepare a Report, in consultation with the Advisory Group, covering the five areas described above and, based on this analysis, to prepare a draft policy statement. The consultant is due to complete her work by May, 2007. It is expected that the Report and draft statement will be submitted to the Department shortly thereafter. The Department will then prepare a final policy statement that will be submitted to the Minister and/or Government, as appropriate, for adoption.

The Department will report back to the Forum, on progress made, at its next meeting in Autumn 2007.

Recommendation 9: Data on the small business sector

Compile and publish an annual Small Business Release that presents up-to-date, robust data on a range of indicators relevant to the small business sector. The Release will enable emerging trends to be monitored and key business issues identified.

The CSO is currently finalising the publication of a first Report on a Small Business Release and expects to publish this Report shortly. This Report will largely be derived from existing data sources, including a historical series covering the years from 2000 to 2004.

Details of the proposed release have been the subject of discussions with representatives of the main small business organisations, agencies and this Department. The representatives have provided feedback in relation to these proposals and a number of comments and suggestions had been submitted to the CSO which were, where possible, taken into account and will be reflected in the First Report.

The second version of this annual thematic Report on Small Business in Ireland is likely to be published at the end of 2007/beginning of 2008. Subsequent versions of the Report will be published around December/January of each year.

In addition, a separate project has been underway for some time that will enable the CSO to publish detailed data on the demography of the enterprise sector – births, stock and deaths. The CSO has indicated that a first Report, based on statistics from 2006 onwards, will be published in December 2007/January 2008.
