



## Note on the Enterprise Forum of Thursday, 22 June 2023

*Meetings are held under Chatham House rule.*

### Attendees

Minister for Enterprise, Trade and Employment	Simon Coveney TD (Chair)
Minister of State for Trade Promotion, Digital and Company Regulation	Dara Calleary TD
Secretary General, DETE	Declan Hughes
DETE officials	Pauline Mulligan, Ronnie Downes, Maedhbh Cronin, Gearoid O’Keeffe, Harry Lester, John Newham, Brian Walsh, Dermot Coates, Cathy Madden, John Hughes, Patrick Rochford, Eoghan Richardson, Nick Barwise, Aisling McCarthy, Emily de Grae, Ninitha Balzon.  Forum Secretariat: Mary Cullen, Sinéad O’Brien, Alessandro Medeiros E Silva
Enterprise Ireland	Kevin Sherry
IDA	Michael Lohan
Local Enterprise Office Network	John Magee
American Chamber of Commerce	Mark Redmond & Colm O’Callaghan
Business in the Community Ireland	Tomás Sercovich
Construction Industry Federation	PJ Ryan
Ibec	Danny McCoy
Irish Exporters Association	Simon McKeever & Karl Picard
ISME	Neil McDonnell
RGDATA	Tara Buckley
SFA	Elizabeth Bowen

### Item 1: Welcome and Opening remarks

- Minister Coveney welcomed the attendees both in the room and those attending online. The Minister took the opportunity to formally introduce the Members to the Department’s new Secretary General, Declan Hughes.
- Minister Coveney stated that the White Paper on Enterprise 2022-2030 commits to the development of consecutive two-year Implementation Plans focusing on the

delivery of the seven priority policy objectives. The first [Implementation Plan](#) was published on May 31<sup>st</sup> 2023 and is available on the DETE website.

- The Implementation Plan identifies 40 key initiatives and projects under each of the seven priority objectives, details of progress under the 40 key initiatives will be included in the six-monthly update reports to the Cabinet Committee on the Economy and Investment, the first of these biannual reports will be prepared in Q3 2023.
- The Minister observed that the Windsor Framework addresses the concerns raised by people and business in Northern Ireland around the Protocol and it provides the stability needed to make this work, heralding an improved relationship between Ireland and the UK.
  - The Framework includes new arrangements for the free flow of goods moving between Great Britain and Northern Ireland and staying in the UK's internal market, there will be no changes to moving goods between Ireland and Northern Ireland.
  - The UK Government recently published its draft Border Target Operating Model (TOM) setting out its new model for importing goods to the UK from inside and outside the EU, including Ireland. The TOM is a UK mechanism for their own import checks and controls and sets out four milestones, the first starting on 31 October 2023.
  - The new controls will have implications for all Irish exporters to the United Kingdom, excluding Northern Ireland, in particular exports from the agri-food sector.
  - The Minister stressed how vital it is that impacted businesses speak to all in their supply chain including transport, logistics providers and customers in Great Britain to examine what adjustments will be needed to comply with the new UK requirements.
  - It is important to ensure that Irish businesses are kept aware of all proposed changes to identify potential impacts early. The Department will work to communicate developments to businesses as and when they become available.

## **Item 2: Approval of Minutes of last meeting**

- Minutes from the Enterprise Forum meeting of 8 March 2023 were approved.

## **Item 3: Update on Responsible Business**

- Minister Coveney noted the growing importance of Responsible business conduct (RBC), he recently attended the OECD's first Ministerial Meeting on RBC in Paris. The updated OECD guidelines on RBC were published earlier this month.
- Minister Coveney spoke of the need for commitment to the issue of employment for those with disabilities, and that increasing the numbers of people with disabilities

participating in the labour market represents a significant opportunity for employers and the enterprise sector.

- The Assistant Secretary of Trade Division then spoke to the overall responsible business agenda items.

➤ **Update on CSRD**

- The Corporate Sustainability Reporting Directive (CSRD) arises from the European Green Deal's climate change action objectives, to enhance disclosure by companies on their climate and environmental data. The Corporate Sustainability Reporting Directive entered into force on the 5<sup>th</sup> of January 2023, member states now have 18 months to transpose it.
- The Department recently conducted a public consultation on the member state options contained within the Directive. The Department held a [CSRD webinar](#) earlier this year to deliver this message and will hold another stakeholder webinar, to further explain the policy decisions and provide additional information on the transposition. Extensive information on the [CSRD](#) is available on the DETE website.

➤ **Update on CSDD**

- The proposed Corporate Sustainability Due Diligence (CSDD) Directive will oblige companies within scope to monitor their chain of activities to identify and mitigate adverse human rights and environmental impacts arising from their operations, their subsidiaries and their chain of activities. Ireland is supportive of the objective of the proposed which seeks to address corporate behaviour and due diligence processes for companies within its scope and foster responsible business conduct.
- The proposal will create legally binding obligations on companies to address the adverse environmental and human rights impacts arising from their operations, their subsidiaries' operations and their value chains.
- The Directive is still to be finalised and Ireland intends on playing a constructive role in the forthcoming trilogue negotiations and thereafter preparing for the subsequent transposition of the Directive into Irish law. Information on the [CSDD](#) is maintained on the DETE website.

➤ **Enterprise Forum sub-group on Responsible Business**

- There are multiple initiatives underway across DETE that relate to new EU and other international regulations and guidelines on how businesses operate on environmental, societal and human rights issues. These initiatives, which broadly correlate to the corporate ESG agenda, are being coordinated within DETE under the heading of "Responsible Business".

- At the last Enterprise Forum, business stakeholders noted the importance of clarity for business, queried the possible impact upon businesses of these measures and suggested a dedicated forum on this topic.
- DETE recognised the value in establishing a dedicated forum of stakeholder bodies on Responsible Business and propose convening a sub-group of the Enterprise Forum with Minister of State Dara Calleary to chair this sub-group.
- DETE request that the nomination of members should focus on those with expertise in the areas concerned, so as to inform discussion and feedback with DETE officials on the initiatives as they develop. The Responsible Business sub-group would complement ongoing information and ongoing outreach activities.
- It is anticipated that the first meeting of the sub-group will take place in the autumn.
- Examples of regulations, proposals and Directives which may arise for discussion include:
  - **Ecodesign for Sustainable Products Regulations** – which will introduce new product regulations to reduce the negative life cycle environmental impacts of products, increase re-use, reparability, and product circularity, while improving the functioning of the internal market.
  - **Proposal of Empowering Consumers for the Green Transition** - The EU has proposed anti greenwashing legislation with a new Directive on empowering consumers for the green transition through better protection against unfair commercial practices and better information. It is expected that this proposal will be adopted by the end of this year and work will then begin on transposing this Directive into Irish law.
  - **Proposal for a Directive on common rules promoting the repair of goods** – This new EU Directive is to promote the repair of goods when they become defective and to seek to enhance the current repair infrastructure. The expected knock-on effect will be a reduction in unnecessary waste, carbon emissions and the use of valuable finite resources in the production of new goods. DETE’s Competition and Consumer Policy Unit intend to run a targeted consultation process over the summer to gauge stakeholder views on this proposal, to help inform thinking during the working party negotiations, which are at an early stage.

#### **Item 4: Tour de Table on Budget 2024**

- Work is underway on the DETE annual Pre-Budget Submission (PBS) for submission to the Department of Finance in early-July for consideration, including by the Tax Strategy Group.

- DETE consults with enterprise representative groups and the Department's Agencies to consider budgetary impacts on enterprise at a national and international level and to ensure the views and needs of enterprise on taxation issues are considered. Promoting entrepreneurial activity and ensuring Ireland remains a top location for businesses is of the highest priority for DETE.
- Minister Coveney committed to examine tax models in other countries, which allow business owners to extract cash from their business in a tax-efficient manner.
- Members were invited to give a brief overview of their top three priorities for Budget 2024. The following observations and suggestions were put forward by the Members:

#### **Taxation - Supporting SMEs and Personal**

- Complexity of the Irish taxation system – suggestion to review the system in relation to issues with applying for tax credits, improving the Capital Gains Tax (CGT) regime for investors, carbon tax increases, entrepreneur's relief and to incentivising investment by extending the entrepreneur's relief to Angel investors.
- Reduction of CGT to 20%.
- The State's over-reliance on a small proportion of high earners and ways to counterbalance this should be explored. Maintain State rainy-day fund. Consider collection of €350 million stamp duty currently uncollected.
- Further indexation of personal tax credits and reduction of the USC, however indexation as a standalone measure is insufficient, rather the establishment of a strategic roadmap in the income tax space is needed.

#### **Energy security and supply**

- Need for efficient, inexpensive, abundant energy supply and the security of this supply was underlined.

#### **Housing, Infrastructure and Planning**

- Housing remains a persistent issue needing attention, the burden of accommodation should not fall solely on the State.
- Investment in infrastructure with an efficient planning authority and court services for judicial planning reviews, along with a review of population growth projections.
- Further investment in jail spaces was cited as a deterrent to anti-social behaviour in general and for safety of customer-facing staff.
- Town Centre First Policy to be rolled out as a national initiative.

#### **Climate Action Measures**

- Ireland to show leadership in climate action measures, further education and more capital investment to assist in achieving this.
- Recognition is needed that smaller companies have less resources to fund necessary decarbonisation measures than larger companies may have.

Meeting decarbonisation targets will be a struggle for many smaller companies.

- Further education needed to combat lack of awareness on the issue of decarbonisation. Businesses need to understand the financial benefit of change. Concerted and strong messaging that businesses must adapt or face struggles in the future is crucial.
- Tax incentives for Electric Vehicles should be maintained.
- Policy of assistance incentives and penalties to assist enterprises in reaching goals.
- Grant aid for a company to directly employ a staff member to focus on the decarbonisation issue and potential solutions for the company (heat pumps, solar panels etc.).
- Government provision of 100% backing for decarbonisation capital investments with a lien on the premises of the business as a form of collateral. Review the list of energy efficient equipment currently eligible for the Accelerated Capital Allowances scheme and extend to Reverse Vending Machines.
- Consider working with early adaptors in the circular economy, such as the Food sector, to learn more from them and to encourage slower adapting groups.

#### **Digitalisation**

- Further investment needed for security issues involved in digitalisation.

#### **Responsible Business legislation**

- Awareness of businesses reporting requirements under the CRSD is essential.
- Smaller enterprises are not engaged and require further education and clarity including amongst their value and supply chains.

#### **Recruitment and talent**

- Recruitment and sourcing talent remains a significant issue. Consider a reward to businesses for recruiting those facing barriers to employment.
- High marginal tax rates can act as a disincentive to the take-up of employment.
- Enhancements to the offering of share options for employees, especially through the Key Employee Engagement Programme.
- Lack of accommodation can be a factor in attracting staff.
- Ensure State Agencies are resourced to deliver on the human capital requirements.
- Need to operate inclusive policies of employment from all parts of society.

#### **Other Support**

- Increased resourcing for market access and exporting food products.
- Minister Coveney thanked the Members for their inputs, welcomed further feedback from them and advised he would revert if more detail was required.

## Item 5: AOB

- DETE's next in the series of "Building Better Business" events was to take place for businesses in the Mid-East (Kildare, Meath, Wicklow) on the following day, Friday 23 June.
- The Department is hosting a conference in Dublin on 6 July on the benefits of Free Trade Agreements for Irish businesses, particularly SMEs. The [Trade Horizons Conference](#) details are available on the DETE website, and attendance was encouraged.
- The next meeting of the Enterprise Forum is to take place on 28 September 2023.
- Further information on the setting up of the sub-group on Responsible Business will be communicated with a view to the first meeting being held in the autumn.