



**An Roinn Gnó,  
Fiontar agus Nuálaíochta**  
Department of Business,  
Enterprise and Innovation

# Annual Report 2017

August 2018  
[dbei.gov.ie](http://dbei.gov.ie)

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## Foreword

I welcome the publication of the Department's Annual Report for 2017. During the year, we made considerable progress towards achieving our headline targets in the Programme for Partnership Government, which tasked us with supporting a leap forward in the capacity and performance of our enterprise sector and delivering an environment that is conducive to the creation and maintenance of quality employment. The statistics show that employment continued to grow strongly in 2017, and we are on target to achieve our aims.

The position in relation to regional employment is particularly encouraging. The Regional Action Plans have played an important role in this regard and helped to drive momentum. We plan to refresh the Regional Action Plans for the 2018-2020 period to build on the success to date.

The Department continued its preparations for Brexit during 2017, putting a number of policy and operational measures in place to ensure that businesses are best placed to deal with the emerging challenges. This will continue to be a key focus for the Department going forward.

This report highlights the many achievements across the wide remit of the Department during 2017, and I am confident that the staff of the Department and its Offices and Agencies will continue to deliver on our mission in the year ahead. I would also like to acknowledge the work of my predecessors, Mary Mitchell O'Connor T.D. and Frances Fitzgerald T.D., during their periods in the Department in 2017, and the continuing work of my Ministerial colleagues Pat Breen T.D and John Halligan T.D.

**Heather Humphreys, T.D.**  
**Minister for Business, Enterprise and Innovation**

This is our first opportunity to report on progress made since the publication of our Statement of Strategy. The report details the progress delivered across the diverse business areas of the Department during 2017, and provides a summary of the key outputs, along with highlights under each of our high-level goals.

The Department plays a crucial role in delivering on Government priorities across a wide remit. This report outlines the many successes and positive developments that took place in 2017, including the creation and maintenance of quality employment in all regions of the country; providing excellent supports to businesses and entrepreneurs (particularly in the context of Brexit); driving the development of an internationally competitive innovation and research system; ensuring that our business regulation environment facilitates investment and growth and protects consumers; and facilitating a harmonious industrial relations and safe work environment. During 2017, responsibility for employment law and the National Minimum Wage transferred to the Department of Employment Affairs and Social Protection.

I would like to thank the staff of the Department and its Offices and Agencies for their ongoing commitment and hard work and I look forward to working with them, and with our many stakeholders, to continue to advance our goals and priorities in the year ahead.

**Dr Orlaigh Quinn, Secretary General**  
**Department of Business, Enterprise and Innovation**

### **Vision**

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

### **Mission**

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

### **Values**

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

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

## Introduction to Department of Business, Enterprise & Innovation

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

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

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

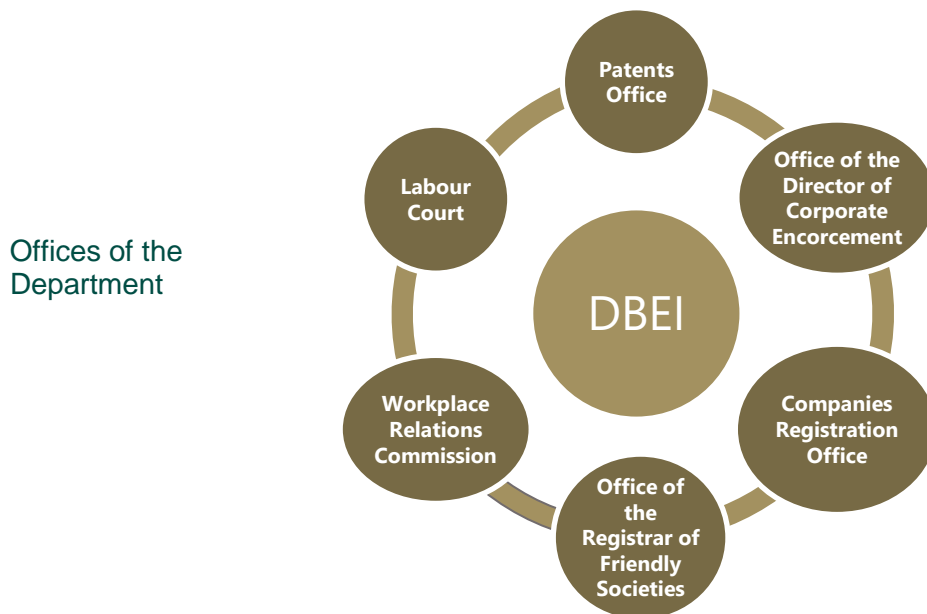
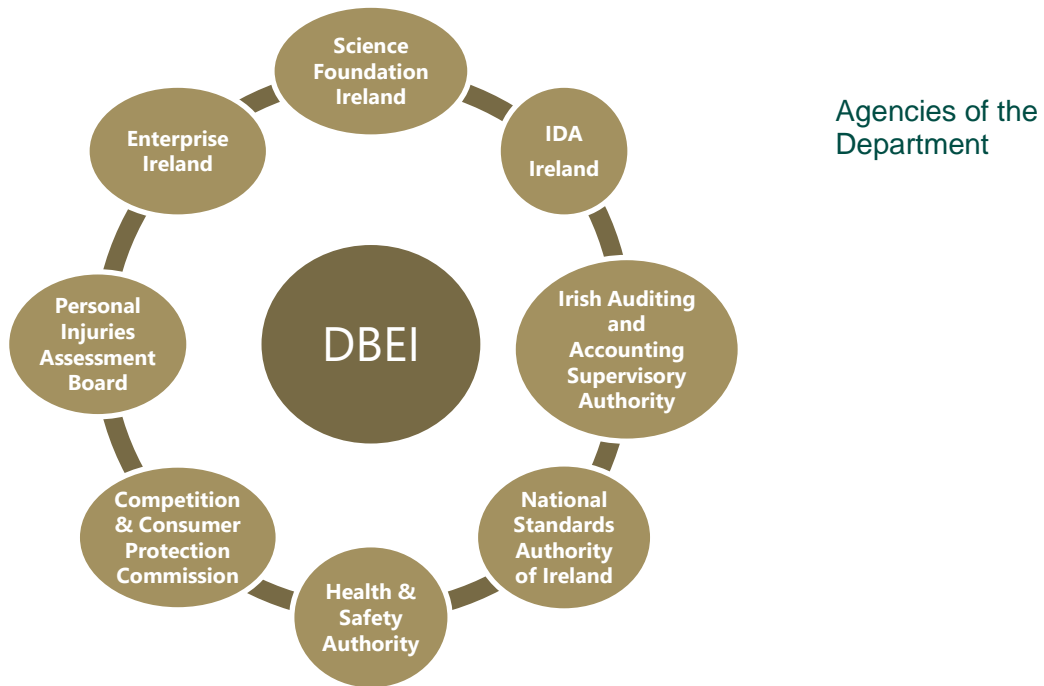
and relevant international bodies:

- World Trade Organisation (WTO),
- International Labour Organisation (ILO),
- Organisation of Economic Co-operation and Development (OECD)
- World Intellectual Property Organisation (WIPO) fora.

On 1 September 2017, responsibility for employment rights policy and associated legislative functions transferred from the Department to the Department of Employment Affairs and Social Protection. The transfer of functions came into effect pursuant to the Labour Affairs and Labour Law (Transfer of Departmental Administration and Ministerial Functions) Order 2017, S.I. No. 361 of 2017.

The transfer involves some eleven pieces of primary legislation in the area of employment rights. The services and functions of the Workplace Relations Commission (WRC) and the labour Court remain under the remit of the Department of Business, Enterprise and Innovation.

## Offices & Agencies



### In addition to these Agencies and Offices:

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

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

## Management Board

Membership	
Orlaigh Quinn	Secretary General
Dermot Mulligan	Assistant Secretary, Innovation and Investment Division
Clare Dunne	Assistant Secretary, Workplace Regulation and Economic Migration Division
David Hegarty	Assistant Secretary, Strategic Policy Division
Philip Kelly	Assistant Secretary, EU Affairs, Trade Policy and Export Licensing Division
Breda Power	Assistant Secretary, Commerce, Consumers and Competition Division
Declan Hughes	Assistant Secretary, Indigenous Enterprise, Digital and Finance Division
Michael O'Leary	Head, Management Support Unit & Secretary to the Management Board

- Martin Shanagher, Assistant Secretary, retired in 2017
- David Hegarty joined the Management Board in December 2017

## Our Key Achievements in 2017 include:

The 6th Action Plan for Jobs was launched in February 2017, containing 164 actions across Government Departments and agencies, with the aim of helping to create an additional 45,000 jobs in 2017. **66,500 jobs were created in 2017.** The results of the concerted action on job creation since 2012 demonstrate that the process is working. More than 345,000 more people were at work at Quarter 4 2017 than in 2012 when the first Plan was launched. **Unemployment declined** from over 15% in early 2012 to **5.9% in April 2018.**

2017 was a very strong year for job creation among **Enterprise Ireland (EI)** clients with 19,332 new jobs created. 2017 resulted in the highest client employment in the history of the agency, highest net job creation (10,309) in the history of the agency and the lowest number of jobs losses since 1998. **209,338** people are now employed in companies supported by EI.

**IDA Ireland** created 10,684 net new jobs over the course of 2017, with every region in Ireland posting net gains in jobs. At the end of 2017 there were **210,443** people working in IDA Ireland client companies, the highest in IDA Ireland's history. This figure surpasses the five-year target of 209,000 which was set in 2015 in IDA Ireland's "Winning; Foreign Investment" strategy.

Surveys undertaken in 2017, revealed a strong performance by agency client companies in 2016 with total sales amounting to €222bn while their exports were €195bn, up 9.1% from the previous year. These companies spent **€43bn in the Irish economy** on payroll, Irish material and Irish Services in 2016.

The **Regional Action Plans for Jobs** are crucial in meeting the Government's ambition to create by 2020 an additional 200,000 jobs, of which 135,000 are outside the Dublin region. CSO data has shown an increase of 53,500 people in employment across the State in the year to Q2 2017, with 84% of newly employed people in this period, located outside of Dublin. All regions also saw increases in numbers employed in this period.

Local Enterprise Offices (LEOs) supported 1,471 young entrepreneurs aged between 18 and 35 to participate in **Ireland's Best Young Entrepreneur** competition in 2017 of which 93 business ideas shared an investment fund of €2 million. The aim of the initiative, is to support a culture of entrepreneurship among young people in Ireland.

In 2017 **Microfinance Ireland** approved €5.5m. in funding to 400 small businesses throughout the country, supporting the creation or sustainment of 1,141 jobs.

In 2017, DBEI published "Building Stronger Business: **Responding to Brexit by competing, innovating and trading**". This paper summarises impacts of Brexit across key policy areas within the Department and outlines the policy and operational measures underway and planned by the Department and its Agencies to respond to Brexit, including supports available to companies to help them prepare for Brexit.

Exchequer funding was secured in Budget 2018 to leverage up to €300 million of lending to eligible Irish businesses under the **Brexit Loan Scheme**. The Scheme, which will be launched in 2018, will provide working capital finance that is more competitively priced, easier to access and at more favourable terms than current offerings.

A **Technical Working Group on State Aid** was established in 2017. The Group comprises representatives from DG Competition, DBEI, DAFM and EI and its mandate is to consider how supports for Irish companies impacted by Brexit can be designed within the State Aid Framework. The Irish delegation is led by DBEI.

The finalisation of the **EU Economic Partnership Agreement with Japan** on the 8<sup>th</sup> December was an important development. This trade agreement is a landmark achievement for the EU and Japan, who together account for more than 1/3<sup>rd</sup> of the world's GDP.

Further Progress on implementing the 140 actions of **Innovation 2020**, the Government's national strategy for Research & Development, Science & Technology was made in 2017. Highlights include carrying out an extensive



consultation process and research into refreshing the Research Prioritisation areas with a view to preparing proposals for Government and the completion of the first call for proposals by the national **Health Innovation Hub**, a joint initiative of the Departments of Business, Enterprise and Innovation and Health which was launched in September 2016. The Hub accelerates the commercialisation of innovative healthcare solutions by enabling healthcare companies and entrepreneurs to test their products and services in a real-life environment by providing access to the health service.

**Publication of a consultation paper on the resale of tickets** for entertainment and sporting events on 20 January 2017.

**Enactment of the Companies (Accounting) Act 2017** which increases the thresholds for companies to qualify as small sized companies, simplifies the financial reporting for small companies and introduces a new category of company known as micro company.

**Enactment of the Companies (Amendment) Act 2017** which extends the duration of an exemption for particular companies from having to prepare two sets of financial statements, based on the same financial information but according to two different accounting standards.

In January 2017 the **Personal Injuries Commission** was established. The Commission published its first report in December and makes a number of recommendations on the adoption of a standardised and internationally recognised approach to the diagnosis, treatment and reporting of soft tissue injuries by practitioners.

In March 2017, **Employment Permit Regulations** were consolidated into a single set of regulations which make them easier to understand and easier to use. The twice-yearly reviews of the occupation lists for employment permit purposes were completed on schedule with changes made to the

regulations to remove HGV drivers from the ineligible list.

**Stable industrial relations** continue to be a feature of the Irish economy and 2017 saw a welcome decline in days lost to industrial disputes from 71,647 in 2016 to 50,191 days lost in 2017. In this context the services of the Workplace Relations Commission and the Labour Court continued to provide robust mechanisms for dispute and grievance resolution across enterprise.

In June 2017, Ireland was elected as Titulaire member of the **International Labour Organisation (ILO) Governing Body (GB)** for the period 2017-20. This is the first time Ireland has been elected to a Titulaire seat (one with speaking and voting rights) since we joined the ILO in 1923. It was the first international body we joined after independence.

In 2017, the **Health and Safety Authority** carried out 8,876 workplace inspections and 1,058 investigations, a total of 9,934. It also completed 395 market surveillance checks of chemical products in the Irish market, 5 of which were found to be in contravention and removed from the market.

**BeSMART** is the Health and Safety Authority's free online tool designed to help small business owners/managers to prepare risk assessments and safety statements for their workplace. BeSMART users increased by 8,496 in 2017, to 46,972 in total.

In 2017, the Health and Safety Authority's **Choose Safety** programme was delivered to almost 25,000 post- primary and further education students.

The third report of the **Low Pay Commission** was issued in July 2017 with a recommendation, approved by Government, for an increase in the national minimum wage to €9.55 per hour to take effect from 1 January 2018.

## Statement of Strategy 2016-2019

### Goal 1: Creating and sustaining high quality enterprise and employment

*Lead on creating and sustaining high quality enterprise and employment across all regions of the country by supporting a strong indigenous enterprise base, the continued attraction of foreign direct investment and a strong entrepreneurial culture.*

### Driving Export Led Growth

As in previous years, there was a strong focus on initiatives to support export-led job creation in the DBEI agencies' targets. These included measures to grow sales and exports in Irish companies, further develop and embed foreign direct investment, increase collaboration between Irish and foreign-owned companies and support entrepreneurship and start-ups.

The Department provides direct support to businesses and entrepreneurs through its agencies, IDA Ireland for inward investment, Enterprise Ireland to indigenous firms and overseas investors in natural resource areas, 31 Local Enterprise Offices and through Science Foundation Ireland (SFI) to researchers.

### Overall Job Creation

The Programme for Partnership Government (May 2016) set a target of 200,000 extra jobs by 2020, including 135,000 outside of Dublin, together with a reduction in the national unemployment rate to 6%.

In the year to Quarter 4 2017, 66,500 jobs were created. More than 345,000 more people were at work at Quarter 4 2017 than in 2012, when the first Action Plan for Jobs was launched. Unemployment declined from over 15% in early 2012 to 5.9% in April 2018.

### Performance of Client Companies of Enterprise Agencies

The Department undertakes annual surveys on the client companies of the enterprise development agencies (Enterprise Ireland, IDA and Údarás na Gaeltachta) to provide evidence based research to inform enterprise policy.

#### Annual Employment Survey of Client Companies of Enterprise Development Agencies

This census of employment in approximately 8,000 client companies of the enterprise development agencies provides a rich dataset since 1972. It tracks permanent full-time employment as well as part time, temporary employment, gross gains, losses and net change. Breakdowns of these indicators are provided by region, enterprise sector and ownership. The headline results of the Annual Employment Survey 2017 are:

- Total employment (full-time and part-time) was 428,031 an increase of 5.2% since 2016
- Permanent Full-time (PFT) employment increased by 5.4% to 379,810
- Gross PFT job gains declined by 6% to 33,963 since 2016
- Gross PFT job losses at 14,594 were at the lowest level in a decade
- Net PFT job change declined by 6.9% since 2016 to 19,363

## Annual Business Survey of Economic Impact of Enterprise Development Agency Client Companies

This annual survey of agency client companies with 10 or more employees (approximately 4,000 companies) provides details of total exports, sales, direct expenditure in the Irish economy and value added in agency client firms. Breakdowns are provided by business sector, region and ownership. The headline figures for 2016, which is the most recent survey, were as follows:

- Total sales amounted to €221.6bn in 2016, an increase of 9.3% since 2015
- Total exports amounted to €195bn an increase of 9.1% since 2015
- Value added increased to €74.3bn in 2016 from €67.2bn in 2015
- Direct expenditure in the Irish economy (Payroll, Irish material and Irish Services) increased by 5.3% to €43bn in 2016.

## Enterprise Ireland

Enterprise Ireland (EI) operates as an Agency of the Department and is responsible for the development and growth of Irish enterprises in world markets. Enterprise Ireland works in partnership with Irish enterprises to help them start, scale, innovate and win export sales on global markets. On an annual basis EI is working with approximately 5,000 companies through a network of market and sector advisers based across 10 national offices and 33 international offices. In this way, the agency supports sustainable economic growth, regional development and job creation.

2017 was a very strong year for job creation among Enterprise Ireland clients with 19,332 new jobs created. 2017 resulted in the highest client employment in the history of the agency, highest net job creation in the history of the agency and the lowest number of job losses since 1998.

209,338 people are now employed in companies supported by EI. This represents a net increase of 10,309 jobs for 2017, taking account of job losses. Despite the challenge and uncertainty created by Brexit, Irish companies have continued to win sales around the world that have supported this strong job creation across all the regions of Ireland.

Job creation was evenly spread across the country, with every county seeing job increases. Two thirds (64%) of the new jobs created were outside of Dublin. The West, Mid-West and North West saw the largest level of increase at 7% in 2017.

Enterprise Ireland attributes this strong performance by Irish businesses to the continuing growth of an entrepreneurial climate for start-ups, allied to strong jobs growth in the Construction (8% increase), Engineering (8% increase), Lifesciences (8% increase), Digital Technology (6% increase), Electronics (6% increase), Food (4% increase) and ICT sectors (5% increase).

January 2017 saw the launch of Enterprise Ireland's new Strategy *Build Scale, Expand Reach 2017 – 2020*, with targets focused on:

- Assisting clients to create 60,000 new jobs by 2020 while sustaining the existing record level of jobs;
- Growing the annual exports of client companies by €5bn to €26bn per annum;
- Driving innovation in Irish enterprise to increase R&D spend by 50% to €1.25bn p.a.;
- Increasing the level of spend made by client companies in the Irish economy by €4bn to €27bn per annum by 2020.

In support of this, EI is implementing extensive trade mission and event schedules focussed on global and sectoral opportunities, further developing in-market expertise and networks, placing greater focus on identifying new sectoral opportunities and stimulating demand for Irish products and services through international marketing campaigns.

The Department works with the agencies to ensure value for money and optimising economic impact from supports provided by Enterprise Ireland and IDA Ireland through a robust economic appraisal

and cost benefit methodology. In 2017, the Department initiated a review of the key parameters and this work will be completed in early 2018.

Details of Enterprise Ireland's strategic response to Brexit are included under Goal 3.

## IDA Ireland

IDA Ireland's 2017 results show that the Agency exceeded the job creation targets set out in its current strategy "Winning: Foreign Direct Investment 2015-2019". Since 2015 the Agency has been working towards the objectives of this strategy including the creation of 80,000 new jobs and 900 new investments. Total FDI employment in Ireland at the end of 2017 stood at 210,443, meaning the Agency has already achieved its net job target of 209,000 jobs.

The IDA is continuing to work towards other objectives set out in its five-year strategy, especially that of increasing the level of investment by between 30% and 40% in each region outside Dublin by 2019. Strong progress was made in this respect in 2017, with 45% of IDA Ireland supported jobs created located outside Dublin and every region in Ireland posting net gains in jobs. Through its Regional Property Programme, the IDA is also developing appropriate property solutions in designated regional locations to attract overseas investment. This includes the construction of nine new advance facilities around the country. Buildings have already been delivered in Sligo, Castlebar and Tralee and further buildings in Dundalk, Galway, Limerick, Carlow, Waterford and Athlone scheduled for completion over the next two years.

Overall, IDA Ireland performed strongly in 2017 with client companies creating 19,851 jobs on the ground. IDA Ireland client companies now account for almost 12% of private sector employment or approximately 1 in 5 private sector jobs in the State.

Details of IDA Ireland's strategic response to Brexit are included under Goal 3.

## Access to Finance

### SME Credit Guarantee Scheme

The Credit Guarantee Scheme (CGS), which was introduced in 2012, provides a State guarantee<sup>1</sup> through the Department of Business, Enterprise and Innovation to accredited lenders of 75% on eligible loans or Performance Bonds to viable Micro, Small and Medium-sized Enterprises (SMEs).

The purpose of the Scheme is to encourage additional lending to SMEs and is not a substitute for conventional lending. SMEs are thus enabled to develop a positive track record with the Lender with the objective of returning to standard commercial credit facilities in time. It also places Irish SMEs on a competitive level-footing relative to other trading competitors who are able to avail of a guarantee in their own countries. During 2017, 129 facilities were sanctioned worth €19.72m which allowed 561 jobs to be created and 146 jobs to be maintained.

Statutory Instruments were made in 2017 to implement a new Credit Guarantee Scheme and a new Counter Guarantee Scheme, in accordance with legislative changes in the Credit Guarantee (Amendment) Act, 2016 as enacted in February 2016.

### Credit Guarantee Scheme 2017

Reforms implemented in the new credit guarantee scheme include increasing the level of the guarantee from 75% to 80%, increasing the portfolio cap for each bank from 10% to 13%, and extending the range of financial providers and financial products covered (to include leasing, asset and invoice finance). Discussions began with finance providers in 2017 to put legal agreements in place to underpin the new Scheme, which is expected to be launched in 2018.

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

### Counter Guarantee Scheme

The Counter Guarantee Scheme provides for the Minister to share risk with the Strategic Banking Corporation of Ireland in such a way that the SBCI will in turn be able to access and draw down EU funding for Irish SMEs, representing another option available to financially assist SMEs.

### Microenterprise Loan Fund

Microfinance Ireland (MFI) was established to support lending to microenterprises in the SME sector and was launched on the 1st October 2012. This initiative targets start-ups, established and growing microenterprises across all sectors, employing up to 10 people. Loans are for amounts from €2,000 to €25,000 and can be used for business start-up and expansion costs and working capital. In 2017, Microfinance Ireland approved €5.5 million in funding to 400 small businesses throughout the country, supporting the creation or sustainment of 1,141 jobs.

A record number of applications were achieved for the year, and despite approval rates in percentage terms being marginally lower in 2017 (43% v 44% in 2016), the number and value of loans approved increased when compared to the previous year.

Much of this strong performance is due to continued growth in brand awareness due to a wide range of PR, events and both digital and traditional marketing over the year, supported by the introduction of an enhanced lead management process during the year.

### Local Enterprise Offices

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

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

Since their establishment in 2014, the LEOs have continued to support a high level of performance amongst their clients across their range of services. In summary, during 2017:

- A total of 7,135 new full and part-time jobs (gross) were created by LEO clients overall.
- Taking into account losses in the client company portfolio, there was a net increase of 3,760 jobs (full and part-time).
- The LEO portfolio in 2017 consisted of 7,182 client companies, with an employment total of 37,485 (full-time and part-time jobs).

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

- In 2017, the LEOs paid out direct financial assistance to 1,179 business projects, to the value of €17.8m. Of these, 469 were priming grants for start-up companies to the value of €6.4m.

In addition to direct financial assistance, the LEOs supported an even wider cohort of entrepreneurs and small businesses in 2017 through other soft supports:

- Start Your Own Business (SYOB) Training – 3,755 participants on 280 programmes
- 1,891 Other business development training programs involving 30,373 participants

- Provision of tailored one-to-one mentoring support to 8,393 participants
- 367 referrals to Micro Finance Ireland (178 grant applications approved) supporting the creation of 347 jobs.
- Promotion of the Department of Communications, Climate Action and Environment Trading Online Voucher Scheme (TOVS) with 1,188 businesses participating supporting the creation of 356 jobs.

A very positive outcome of LEO investment and support is the progression of some LEO client companies to the Enterprise Ireland portfolio. During 2017, 89 LEO client companies progressed to Enterprise Ireland. These clients are among the best performing companies in the LEO client portfolio (and because of the transfer to EI their performance is not reflected in the 2017 outturn above).

Details of LEO Brexit supports are included under Goal 3.

### LEO Communications

The LEOs delivered several promotional events nationally during the year which include:

- A Showcase Pavilion at the National Ploughing Championships;
- The Student Enterprise Awards;
- Local Enterprise Week;
- The National Enterprise Awards.
- National Women's Entrepreneurship

These events are central to the National LEO Communications Strategy to put out the message that the LEOs are on hand to support start-ups, businesses growth and job creation at local level.

### Ireland's Best Young Entrepreneur (IBYE) supported by the Local Enterprise Offices (LEOs)

1,471 young entrepreneurs aged between 18 and 35 took part in "Ireland's Best Young Entrepreneur" (IBYE) in 2017, bringing the total number of applications to over 5,7000 since the programme commenced in 2014.

The aim of the initiative, which has an overall investment fund of €2 million, is to support a culture of entrepreneurship among young people in Ireland, to promote entrepreneurship as a career choice, and to encourage Ireland's young people to set up new businesses which will ultimately create jobs.

### Regional Action Plans for Jobs (RAPJs)

The Regional Action Plans for Jobs are crucial in meeting the Government's ambition to create an additional 200,000 jobs, of which 135,000 are outside the Dublin region, by 2020. CSO data has shown an increase of 53,500 people in employment across the State in the year to Q2 2017, with 84% of newly employed people, in this period, located outside of Dublin. All regions saw increases in numbers employed in this period.

This momentum and the collaborative approach that has strengthened through the Regional Implementation Committees is now being built on to refresh RAPJs for 2018-2020.

To further stimulate regional growth to 2020, in 2017 DBEI announced a €60 million competitive Regional Enterprise Development Fund, administered through Enterprise Ireland. A total of 21 projects across all regions secured up to €30.5 million through the first call. The second call will be issued in April 2018.

## Engagement with Small Business Community

The Department's Advisory Group on Small Business (AGSB) provides a platform for structured engagement between Small Business owners and the Minister of State for Employment and Small Business. Mr. Pat Breen TD Minister of State for Employment and Small Business took over as Chair in 2016. The AGBS met four times in 2017, with a diverse agenda on topics such as Cost of Insurance, GDPR, Pre-Budget submissions, Brexit and the SME Test.

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 guiding principles. The EU Commission's 2017 Report noted that Ireland performed above or well above the EU average in eight SBA areas:

- entrepreneurship
- 'second chance'
- responsive administration
- state aid & public procurement
- access to finance
- single market
- skills & innovation
- internationalisation

The Department developed the Irish SME Test in 2017. The SME Test is an integral part of the European Commission's Better Regulation guidelines since 2009. The purpose of the SME test is to request policymakers to think about the negative impact of any new legislation or regulation which may create a burden on SMEs. SMEs often have lack of information, time, or expertise to deal with administrative rules. As a result, regulation has a disproportionate effect in terms of compliance cost and administrative burden on SMEs.

The key points of the Irish SME Test are:

- Exemptions
- Deadline variation/flexibility
- Simplification of the implementation of regulations

At European level, the Department's representatives have been active members of the SME Envoy Network. In 2017, three meetings of the SME Envoy took place. In addition, participation has been active in the OECD's Working Party on SMEs and Entrepreneurship. Relationships have been fostered through the Departments active role in both leading to potential future collaborations.

## National Entrepreneurship Policy Statement (NEPS)

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

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

Marking the half way point of the Statement, 2017 saw the development and organisation of the Midterm Review. In addition, Action 45 of the 2017 Action Plan for Jobs calls for a mid-term review of the NPSE.

The Department, through the Entrepreneurship and Small Business Policy Unit, produced Terms of Reference, detailed progress reports and discussion documents, which were disseminated to stakeholders. Meetings were then organised and grouped into three; education, state bodies and entrepreneurs with related representative bodies. These meetings were held between May and June 2017. We had additional feedback from the participants of the 9th cycle of the female entrepreneurship programme “Going for Growth” and the EY Entrepreneur of the Year Alumni Board.

2017 saw the tendering of the Business Creation Data Package, which was won by Visionnet. Data from the Companies Registration Office was analysed, filtered and refined to measure entrepreneurship and the following data and statistics on New Company Start-ups was gathered:

- Quarterly numbers of New Company start-ups including a breakdown of Location (County), Industry, Gender Profile of Director, Age Profile of Director and First-time Director.
- New data of the numbers of business creations from the 1<sup>st</sup> January 2015 until the 1<sup>st</sup> January 2017, and then a breakdown of new start-ups every quarter from the 1<sup>st</sup> March 2017 to end 2017.
- Survival rates of companies born in 2012-2015 and lifespan of start-ups over 3 years old.

We continue to monitor progress against key performance indicators and work with partners in enterprise to achieve the ambition. The Department also continued its mapping exercise to identify the range of supports available to entrepreneurs. The document lists both State and non-State supports for entrepreneurs and acts as a useful tool for policy makers. Both are regularly updated. The details and findings from these exercises and the Business Creation Data Package have been included in the Midterm Review.

In this regard, 2017 saw continued progress in such international indicators in the areas of entrepreneurship and innovation, for example:

- In the GEDI Global Entrepreneurship Index (2018), Ireland’s world ranking rose to 8<sup>th</sup>, up from 9<sup>th</sup> the previous year and 18<sup>th</sup> in 2014.
- The IMD World Competitiveness Yearbook (2017) saw Ireland place 6<sup>th</sup> out of 63 countries.
- In the World Bank 2018 Doing Business Report, Ireland placed 8<sup>th</sup> out of 137 countries in the ‘Starting a Business’ rankings.
- The European Innovation Scoreboard (2017) continues to rank Ireland 2<sup>nd</sup> for innovators.

## InterTrade Ireland (ITI)

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

The Body provides a targeted portfolio of programmes to help businesses to build competitive advantage in the crucial areas of Science, Technology & Innovation and Sales and Marketing, all backed by evidence-based economic and business research. There remains unmet continued demand for ITI’s services on both sides of the border.

ITI’s activities in 2017 included:

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

Main outputs delivered by ITI in 2017:

- Job creation was 1,301 against a target for the year of 1,100;



- First time innovator companies were 82 against a target of 56 and
- First time exporters companies amounted to 102 over double the target.

ITI was also successful in being awarded management of a significant project under the EU's INTERREG Programme. The new project entails the Body managing a diverse set of initiatives to assist companies to develop their Research and Innovation expertise, over a five-year period. This new initiative, which will complement the Body's existing range of programmes for SMEs, launched in 2017.

Details of ITI Brexit supports are included under Goal 3.

### **National Standards Authority of Ireland**

The National Standards Authority of Ireland (NSAI) is the State Agency responsible for standardization, conformity assessment and measurement.

NSAI aims to improve the performance of Irish business and protect consumers by developing standards, inspecting measuring instruments used in trade and conducting audits and issuing certificates on the application of standards to goods, services and measurements.

NSAI provides Ireland with the components necessary for an effective trading infrastructure for products and services to be developed, traded, and relied on nationally and around the world. This infrastructure also contributes positively to the Irish 'offering' that can influence decisions on Foreign Direct Investment (FDI), where organisations rely on a developed standards and conformity assessment infrastructure to achieve their objectives, such as in the medical devices sector.

NSAI provides services to industry and the public through its Certification, Standards and Agrément (building products and processes) functions. It is also responsible for both Legal and National Metrology functions, which ensures the accuracy of all measurements and measuring instruments used for trade and other purposes.

NSAI published 1,490 standards during 2017, including 4 new Irish standards such as the revised Reactive Pyrite standard and revised Code of Practice for Slating and Tiling. The total number of standards available in NSAI's catalogue now exceeds 23,000.

The number of standards purchased by Irish organisations in 2017 was 6,819, while the number of standards downloaded by Irish users exceeded 123,500, of which 15,500 were by third-level institutions.

The number of new registered users to the Agency's 'Your Standards, Your Say' portal exceeded the 12% target at 15% (+323).

NSAI provide a wide range of certification services to enable Irish industry improve quality, efficiency and placement of goods on the market and issued 309 new certificates to 123 organisations in business excellence related standards for Quality, Environmental, Health and Excellence Through People schemes.

NSAI had regular engagement with industry in 2017 with 16 free regional ISO 9001 and 14001 roadshows delivered. Almost 1,000 delegates, from a variety of businesses and organisations, attended these seminars.

The NSAI celebrated its 20<sup>th</sup> year in 2017 and half-way into its four-year strategy 'NSAI Strategic Plan 2016-2020', the Agency is on track to meet its objectives, by continuing to provide assurance to the public and in providing Irish and FDI companies with the necessary infrastructure and services to allow for their growth and competitiveness into the future.

## Retail Consultation Forum

Almost one in every seven people employed in Ireland works in the retail and wholesale sector: it remains the largest private sector employer in the country. Through the Retail Consultation Forum, DBEI encourages Retail representatives to work together and with public bodies, to further develop the sector. Three Forum meetings were held in 2017, focused on key concerns of Brexit, Online Trading, Town Centre Renewal, and Skills. As chair of the Forum, the Minister for Business, Enterprise and Innovation has had ongoing engagement with the sector during 2017.

Highlights for the Retail Consultation Forum during 2017 included a workshop on Brexit impacts in November, and Retail being chosen as one of three sectors for a DBEI pilot study into firm-level impacts of Brexit. In 2017, DBEI has also been working with EI on the development of a pilot programme to support retailers to scale up online trading capabilities. The Forum's Skills working group has been focused on the introduction of retail specific training in the areas of Digital, Brexit, and Health & Safety.

## National Design Forum

Like R&D or new technological applications, design innovation is a key business differentiator and source of international competitiveness. The Year of Irish Design 2015 (ID2015) was a successful initiative funded by the Department which aimed to bring visibility to Ireland's dynamic design businesses, supporting them in trading in competitive foreign markets and ultimately creating jobs at home. Continuing the policy focus on design, the Action Plan for Jobs 2017 set out a number of actions for the ongoing development of the design sector in Ireland and to maximise its contribution to the overall economy. This included the establishment of a National Design Forum which would bring all the relevant parties together.

In May 2017, a National Design Forum was established, which aims to drive Ireland's capability and reputation as a source of design innovation. The National Design Forum brings together all relevant stakeholders including businesses, Government agencies, third level colleges, design practitioners and design organisations, providing a platform for a structured engagement focused on promoting the design agenda.

The key purpose of the Forum is to discuss key issues of relevance, with a view to identifying practical actions which could be taken by government (national or local), or by industry itself, to support the design sector. It is chaired by the Minister for Business, Enterprise and Innovation.

## Goal 2: Whole of Government approach to promoting enterprise and employment

*Lead a whole of government approach to developing the most competitive environment for investment, productivity and sustainable jobs growth*

### Action Plan for Jobs 2017

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

The sixth APJ, which was launched in February 2017, contained 164 actions across Government Departments and agencies, with the aim to help create an additional 45,000 jobs in 2017. 66,500 jobs were created in the year to Quarter 4 2017. The results of the concerted action on job creation since 2012 demonstrate that the process is working. More than 345,000 more people were at work at Quarter 4 2017 than in 2012 when the first Plan was launched. Unemployment declined from over 15% in early 2012 to 5.9% in April 2018.

The APJ is one of the key policy instruments used by the Government to deliver the Programme for a Partnership Government targets for 2020. They include 200,000 extra at work, including 135,000 in the regions; regional unemployment within 1% of the national average; and to reduce the national unemployment rate to 6%. The APJ 2017 was underpinned by the following strategic goals:

- Create 200,000 additional jobs by 2020, including 135,000 outside Dublin;
- Deliver strong competitive regions to drive regional employment;
- Grow trade and investment in existing markets and diversify into new markets;
- Become a global innovation leader to grow and diversify the composition of our exports;
- Achieve a top 5 competitiveness ranking;
- Drive productivity across all sectors of the economy; and
- Develop and attract high quality talent.

For DBEI, the main areas of focus in the APJ 2017 were:

- Responding to Brexit
- Attract Foreign Direct Investment, Grow Sales and Exports
- Ensuring Finance for Growth
- Stimulating Regional Growth
- Delivering Skills for a Growing Economy
- Promoting Innovation

### Enterprise 2025 – Ireland’s National Enterprise Strategy: renewed

Although Enterprise 2025, Ireland’s national enterprise strategy, was published only in November 2015 much has changed in the world since then. During 2017 analysis was undertaken to review the strategy to ensure that it remains robust in response to a number of recent significant global changes. In particular, Brexit, US emerging policies, International tax developments, and the unrelenting advances in disruptive technologies. The Review also has regard to the potential vulnerabilities within our enterprise base – including concentrations in certain sectors and export markets, and in source markets for FDI.

Analysis of the implementation of the 56 strategic actions set out in Enterprise 2025 indicates solid progress is being made in all but two instances. In a small number of cases, progress is slower than

desired and barriers to progress were identified. In terms of metrics, the analysis indicates that both employment and exports are performing beyond expectations, with agency supported enterprises well ahead of anticipated growth projections. While acknowledging that such developments are positive, the pace and level of growth also raises key policy challenges in terms of capacity constraints. Of concern is our performance in overall competitiveness, progress in relation to enterprise investment in skills and levels of investment in RD&I, both by the State and by enterprises. Analysis of global trends and implications for enterprise and a comprehensive review of enterprise performance was completed during 2017. These analyses served to inform changes to our policy emphasis. A Senior Officials Group was established to consider the findings and consultations with relevant industry associations were completed during the year.

It is anticipated that Enterprise 2025 Renewed will be published in March 2018.

### **Delivering Skills for a growing economy**

One of the main priorities for APJ 2017 was ensuring the availability of the required skills and talent base to meet the needs of a growing economy. In particular, the 2017 Plan built on the significant progress and reforms made since the first Action Plan in 2012. It focused on looking at new opportunities arising from the digitalisation of the economy and society. It aimed to progress the actions and recommendations of the National Skills Strategy 2025. It included a range of measures to reskill and upskill jobseekers through Springboard; provide more apprenticeships; foster stronger links at regional level between employers and the education and training sector through the Regional Skills Fora; and address skills shortages in specific sectors such as ICT.

#### **ICT Skills**

In late 2017 the Expert Group on Future Skills Needs, whose Secretariat is based in DBEI, initiated a refresh of the ICT Skills Demand Forecast previously undertaken in 2013, as a key evidence based input into the development of the successor to the ICT Skills Action Plan, 2014-2018. The new Plan will seek to match the forecast demand through supply measures in order to ensure the continued growth of the Technology sector and, given the growing pervasiveness of ICT in other sectors, across the economy as a whole.

The forecast, which was completed in Q1 2018, was focused on establishing the demand for High Level ICT Skills at NFQ levels 6/7 and 8+ over the period 2017-2022, within the broad ICT sector and across other sectors of the economy. As well as inputting this forecast into the new iteration of the ICT Skills Action Plan, DBEI also forms the Joint Secretariat to the High Level ICT Skills Action Plan Steering Group with DES; this group is responsible for the implementation of the existing plan, and development of the new one.

#### **Addressing the Skills Needs Arising from the Potential Trade Implications of Brexit**

In late 2017 the Expert Group on Future Skills Needs also initiated a study examining the skills needs arising from the potential trade implications of Brexit. This study, which was completed in Q1 2018, was focused on establishing whether Irish based enterprise is adequately equipped from a skills and competency perspective to address the potential trade implications of Brexit and offset its impact. Based on a comprehensive, cross sectoral engagement with the Irish enterprise base, the study examined two trade related skillsets:

- Those skills related to diversifying trade into new markets, or expanding trade in existing markets (e.g. international management, sales, marketing, design and development, foreign languages, cultural awareness), and
- Those skills associated with the facilitation of trade across international borders (e.g. logistics, supply chain management, customs clearance).

Arising from this evidence base, the study recommends a suite of skills related interventions, aimed at contributing to the development of the trade related skills base in Ireland, and its accessibility to enterprise, in a manner that will help Irish based enterprise navigate the potentially more complex and diverse trading environment post-Brexit.

## Competitiveness

The Department places a high priority on ensuring that the key enterprise competitiveness issues are identified and prioritised for action across the government system. Our Enterprise Policy priority is that Ireland achieves a top-five competitiveness ranking by 2020. Research, analysis and the secretariat role for the National Competitiveness Council (NCC) is undertaken by the Department.

The Council reports to the Taoiseach and the Government, through the Minister for Business, Enterprise and Innovation on key competitiveness issues facing the Irish economy and offers recommendations on policy actions required to enhance Ireland's competitive position.

The NCC published the following reports during 2017:

### Costs of Doing Business in Ireland 2017

This report benchmarks the key business costs and identifies areas where Irish enterprise costs are out of line in those in other countries. It focuses on costs that are largely domestically determined such as labour, property, energy, water, waste, communications and business services, and considers both price levels, and changes in those levels.

Ireland remains a relatively high-cost location. It points to the rise in both commercial and residential property, and the dramatic increase in residential rents which will inevitably impact upon wage demands, increase the cost of living and will damage competitiveness. It highlights the high costs associated with a range of business services (postal/courier, legal services and market research) and services associated with the construction sector (architecture and engineering).

Irish firms continue to face higher interest rates on loans of up to and including €1 million than their competitors abroad. Whilst hourly labour costs in Ireland were above those in the UK and the Euro area, labour cost growth has been below EU and Euro area averages in the 5-year period to 2016.

### Ireland's Competitiveness Scorecard 2017

This assessment of Ireland's competitiveness performance vis-a-vis a range of close trade partners and competitor countries, uses the most up-to-date and internationally comparable data available. Improved public finances, productivity growth, export growth and the labour market contributed to Ireland's improved competitiveness performance in international rankings, (6th in the IMD World Competitiveness Yearbook). The exporting sectors of the economy continued to perform strongly and many of Ireland's traditional strengths (competitive taxation regime, highly skilled young workforce, and supportive environment in which to do business) remain.

The key concern of the Council is that Ireland maintains these rankings in a rapidly growing economy, close to full employment and facing threats which include Brexit, a potential shift in trade and taxation policy in the US, and the uncertain nature of global growth. The challenges include our narrow export base, the productivity gap between the most productive firms and the rest of the enterprise base that is lagging, ensuring Irish enterprise stays at the forefront of technology and innovative activity, and ensuring that the economy does not overheat as it addresses infrastructure gaps.

### **Ireland's Competitiveness Challenge 2017**

This report identifies the policy responses required to meet the main competitiveness challenges facing the business sector under two broad themes as follows:

Theme 1 Ensuring growth is sustainable:

1. Delivering Macroeconomic Sustainability
2. Delivering Productivity Enhancing Infrastructure
3. Environmental Sustainability and transitioning to a low carbon economy
4. Building and Sustaining Talent

Theme 2 Generating an uplift in enterprise competitiveness:

5. Maintaining Cost Competitiveness
6. Fostering Productivity Growth
7. Building Innovation Capacity
8. Enhancing and Diversifying Ireland's Export Base

The Department engaged with other Government Departments to further develop meaningful actions to support competitiveness for inclusion in the Action Plan for Jobs 2018.

### **Benchmarking Ireland's Productivity Performance, 2004-2014**

Ireland's productivity performance is relatively strong and above the Euro area average and levels seen in the UK. However, Ireland's performance is greatly influenced by shifts in the composition of employment and the influence of Foreign Direct Investment on output.

The narrow base of enterprises in high value-added sectors (particularly in Pharma and ICT) disguises to a degree underperforming sectors and boosts Ireland's productivity level. The narrow base of sectors driving productivity leaves Ireland vulnerable to shocks and serves to highlight the scope to enhance productivity at sector and firm levels. Facilitating enterprise and start-ups, trade, access to finance, skills and infrastructure are key to productivity and competitiveness gains.

### **Benchmarking Competitiveness, Ireland and the UK, 2017**

The unprecedented challenges posed by Brexit provide urgent impetus to enhance our competitiveness performance. International competitiveness rankings show the following:

- World Bank's Ease of Doing Business ranks Ireland 18th and the UK 7th out of 190 economies.
- WEF Global Competitiveness Report ranks Ireland 23rd and the UK 7th out of 138 countries.
- The IMD measure of competitiveness ranks Ireland 7th and the UK 18th out of 61 countries.

In comparison to the UK, Ireland has a similar perceived performance in international competitiveness rankings with respect to: the quality of institutions; the performance of the Health and Primary Education sectors; the quality of higher education and training; and the efficiency of product markets. Relative to Ireland, in addition to its larger market size, the UK has higher rankings with respect to: infrastructure; financial market development; labour market efficiency; technological development; innovation; and business sophistication.

Ireland's performance on current macroeconomic headline data, while welcome, generally improves Ireland's overall competitiveness score, overstating our overall competitiveness position. The Council considers there is a need to preserve fiscal sustainability, increase investment in infrastructure and talent, maintain cost competitiveness, and drive innovation and productivity across all economic sectors.

## Economic Infrastructures

The availability of competitively priced world class infrastructure (energy, telecoms, transport, waste and water) and related services is critical to support economic growth and enterprise development.

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

Throughout 2017 the Department highlighted the main issues and priorities for business users across each infrastructure area drawing on analysis carried out by the Strategic Policy Division. The Department worked closely with the Department of Communications, Climate Action and Environment in its development of the Renewable Energy Support Scheme. Analysis on infrastructure needs also informs the development of the Ireland 2040, Ireland's National Planning Framework, which is led by the Department of Housing, Planning, Community and Local Government. The Department's analysis, together with the enterprise strategic aims set out in Enterprise 2025 provided the basis for DJEI's submission to the consultation process and its engagement throughout 2017.

In parallel, the Department engaged on an ongoing basis across the public and private sectors to advocate for policy measures to improve the availability and quality of economic infrastructure to support enterprise development and growth.

## Taxation

Certainty, stability and predictability in taxation policy facilitate enterprise decision-making, minimises business costs and supports enterprise growth. Informed by the enterprise perspective, DBEI coordinated a joint agency Pre-Budget Submission 2016 involving IDA Ireland, Enterprise Ireland and SFI. The primary purpose of the submission was to ensure that Budget 2018 continues to support enterprise, in particular, the export potential of firms and Ireland's attractiveness as a location for foreign direct investment and for the attraction and retention of talent. The PBS set out some key principles relating to relative competitiveness internationally, certainty, fairness and simplicity and sustainability. This submission made recommendations in relation to Ireland's corporation tax regime, the personal tax system, helping SMEs to be Brexit ready, rewarding entrepreneurial risk, stimulating innovation, and remaining competitive for FDI.

The Department also maintains a watching brief on international tax developments and engages with firms through the enterprise development agencies to keep abreast of potential implications and to inform national priorities.

## Sustainable Development Goals

In 2015, 193 United Nations Member States, including Ireland, adopted the Sustainable Development Goals. These goals cover the social, economic and environmental requirements for a sustainable future.

During 2017, the Department of Communications, Climate Action and the Environment began preparing Ireland's first National Implementation Plan for the Sustainable Development Goals. The Plan will set out how the goals will be implemented in Ireland and outline arrangements for interdepartmental coordination, stakeholder engagement and periodic progress reporting.

This Department will have responsibility for the implementation of a number of Sustainable Development Goals under the plan, an example of which is the Corporate Social Responsibility National Plan and Stakeholder Forum. Monitoring their implementation is a key priority for DBEI.

## Corporate Social Responsibility

Ireland's 2nd National Plan on Corporate Social Responsibility (CSR), "Towards Responsible Business", was launched on 26<sup>th</sup> June 2017. The CSR Stakeholder Forum, which is enterprise led with Secretariat provided by DBEI, was established to oversee implementation of the actions in the 2nd Plan.

With the 2nd National Plan on CSR, the Government's ambition is to make Ireland a Centre of Excellence for responsible and sustainable business practice through the adoption of best practice CSR at the heart of businesses and organisations.



For many businesses, CSR is recognised as an important aspect of their competitiveness. Businesses who embed CSR and responsible business practices into their business strategy, improve their sustainability, reputation, cost competitiveness, and ability to attract and retain talent, whilst also fostering social cohesion and protecting the environment.

In June 2018, the Forum will present a year one progress report 'CSR Check' at a CEO/Leaders Breakfast meeting.

## Climate Change

The Department provided analysis and policy input into the National Mitigation Plan and National Adaptation Framework and other matters relating to climate change policy and targets as they pertain to the enterprise sector and ensured consideration of competitiveness impacts in policy options.

## Strategic importance of Data Centres to Ireland's enterprise policy

In October 2017, the Government agreed to a strengthened Strategic Policy Framework to the continued development of data centres in Ireland. This strategic approach involves a number of complementary strands being led by other Departments including the Renewal Energy Policy Development Framework, amendments to the Planning and Development (strategic infrastructure) Act and the judicial review of major infrastructure projects.

Contributing to this strategic framework, DBEI initiated the development of a Government Statement on the Role of Data Centres in Ireland's Enterprise Strategy. The overall objective is to drive a planned approach to data centre investments to realise the potential of regions, create high quality jobs, drive Ireland's ambition in the digital economy as a location of choice for investment and seed-bed for technology entrepreneurship while ensuring that potential downside costs are minimised. The national policy statement will be finalised by mid-2018.

## Science Surveys

The Department produces official statistics on R&D in the Government and Higher Education sectors.

## Research & Development (R&D) Budget

The Research and Development Budget 2016/2017 reports on total Government funding of R&D in Ireland (GBARD), total expenditure on R&D performed in-house in the Government sector (GOVERD) and total expenditure on in-house R&D in Ireland (GERD). This report also provides breakdowns of research personnel and expenditure by fields of R&D and by types of research. The headline figures for 2016/2017 were as follows:

- GBARD in 2016 was €718.9m a decrease of 2.4% over 2015. GBARD as a percentage of GNP fell to 0.32% in 2016 from 0.36% in 2015.
- GBARD as a percentage of GDP at 0.28% in 2015 is below the OECD and EU averages of 0.54% and 0.52% respectively.



- GERD (the sum of Government, Business and Higher Education expenditure) increased to €3.24bn in 2016, up from €3.13bn in 2015. GERD as a percentage of GNP stood at 1.43% in 2016, down from 1.52% in 2015. As a percentage of GDP Ireland's GERD at 1.2% compares with an OECD and EU average of 2.38% and 1.96%.
- GOVERD amounted to €98m in 2016, down slightly from €101m in 2015. GOVERD as a percentage of GNP was 0.04% in 2016, a decrease since 2015.

### Survey of R&D in the Higher Education Sector

This is a biennial survey and provides details of total in-house expenditure on R&D and research personnel in the higher education sector. Breakdowns of research personnel and expenditure on R&D by fields of R&D and by types of research are also available.

The headline figures for 2014/2015 were as follows:

- Total expenditure on R&D in the higher education sector in 2014 amounted to €730.1m
- HERD as a percentage of GNP has fallen from 0.51% in 2008 to 0.45% in 2014.
- The total number of full-time equivalent researchers increased by 6% to 12,836 in 2014.
- UCC had the largest spend on R&D in the country at €122m in 2014, followed by TCD at €119m, UCD at €117m, NUIG at €96m and UL at €80m. These five institutions together account for almost three quarters of HERD in 2014.
- The percentage of HERD financed by industry increased from 3.3% in 2012 to 4.4% in 2014

### Dashboard Statistics

The Dashboard Statistics, published monthly on the Department's website are a compilation of data from the Department, CSO, ONS and other external sources relating to early indicators of change that bear on enterprise policy.

### **Goal 3: Working ambitiously with our EU and International partners**

*Work ambitiously across Government with our EU and international partners to achieve progress in EU and International fora, across a wide range of interests, including in response to the implications of Brexit*

#### **Engagement at EU Level**

The Department continued its engagement at EU level to achieve national and EU policy outcomes that are supportive of our enterprise, competitiveness and innovation agenda. The Department has a lead and coordination role in the Competitiveness Council and the Foreign Affairs (Trade) Council. Responsibility for the coordination, of the Employment Social Policy Health and Consumer Affairs (ESPCO) Council, transferred to the Department of Employment Affairs and Social Protection in 2017.

During 2017, Minister Mitchell O'Connor, Tánaiste Fitzgerald, Ministers Breen and Halligan represented Ireland's interests at the Competitiveness and Trade Councils respectively. There were three Formal and two Informal meetings of the Competitiveness Councils, as well as three Formal and two Informal Trade Council meetings held during the course of 2017 under the Maltese and Estonian Presidencies.

Issues progressed by the Competitiveness Council during 2017 included the Digital Single Market Strategy: Consumer Protection Co-operation and Geoblocking, the Single Market Strategy for Services: Single Digital Gateway, Improved Notification regime for the Services Directive and Proportionality Test for Regulating Professional Services.

Issues progressed by the Trade Council during 2017 included: ongoing trade negotiations with Mexico and Mercosur; finalisation of the EU Japan Economic Partnership following political agreement reached in July; the adoption of the EU's new antidumping methodology; the implementation of EU Free Trade Agreements; and preparations for the WTO Ministerial Conference, which was held in December.

In addition to representing the Department's and Ireland's strategic interests at Council, the Department's key EU interests were also pursued at the cross Government level via the Department of Foreign Affairs EU Senior Officials Group and a newly formed Interdepartmental Group on EU Affairs and Brexit, as well as, bilaterally through engagements with like-minded Member States and the Commission.

#### **EU State Aid Regime**

Adherence to State aid rules remained a priority for the Department of Business, Enterprise and Innovation in 2017. The Department, in its capacity as the National Contact Point for overarching State Aid policy, continued disseminating information across Government Departments and the Department's enterprise agencies.

In addition, as the liaison point for all communications issuing to and from DG Competition, the Department coordinated Ireland's position on State aid issues during the course of 2017.

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

A key reform in the modernisation process has been clarification from the Commission of the notion of State aid and exempting state aid from prior control via the General Block Exemption Regulation.

The General Block Exemption Regulation plays a crucial role in simplifying and clarifying State aid rules, cutting red tape and allowing for investments to go ahead as fast as possible. This also allows the Commission to focus its State aid control on the potentially most distortive cases.

## Brexit

A dedicated Brexit Unit was established in late 2016 to lead on the coordination of the Department's policy and operational responses to Brexit, including our approach to the negotiations within the EU and bilateral relations with the UK.

To ensure a coherent and coordinated approach to Brexit across all areas of the Department in 2017, the Brexit Unit managed and supported:

- six meetings of the Co-ordination Group on Brexit, chaired by the Minister and consisting of the CEOs of both IDA Ireland and Enterprise Ireland, and relevant enterprise, Single Market and trade officials from the Department to oversee implementation of our response to the emerging national, UK and EU developments;
- six meetings of the DBEI Cross Divisional Brexit Senior Officials Group, chaired by the Secretary General, Dr Orlaigh Quinn, comprising senior officials in relevant policy areas across the Department.

In November 2017, DBEI published "Building Stronger Business: Responding to Brexit by competing, innovating and trading". This paper summarises impacts of Brexit across key policy areas within the Department and outlines the policy and operational measures underway and planned by the Department and its Agencies to respond to Brexit, including supports available to companies to help them prepare for Brexit. It also describes the research programme underway, including a number of research projects commissioned by DBEI in 2017 to help build an understanding of the possible implications of Brexit on Ireland for enterprise, consumers and trading relations. These studies will provide an evidence base to inform Ireland's policy positions as part of the wider negotiation on the UK's future relationship with the EU and further mitigation measures to respond to Brexit.

As part of this programme of research a major study examining the "Strategic Implications for Ireland Arising from Changing EU-UK Trading Relations" commenced in June 2017. This study will provide an evidence base on key trade and investment questions to inform Ireland's position as part of the wider negotiation on the UK's future relationship with the EU and will inform the development of sectoral mitigation measures.

DBEI Ministers and officials participated in the Cabinet Committee on Brexit, the Inter-Departmental Group on EU and Brexit and the range of Brexit Working Groups mandated to identify impacts and implications of Brexit, as well as mitigation measures across the sectors with a view to minimise risks and maximise opportunities.

Engagement with stakeholders is an important pillar of the Government's domestic response to Brexit. Dialogue through one-to-one meetings and through existing enterprise and innovation related fora was a key aspect of DBEI's Brexit preparations in 2017.

To facilitate and encourage regular and comprehensive dialogue with enterprise, the Department established an Enterprise Forum on Brexit and Global Challenges in 2017. Membership includes 13 representatives from enterprise groups and the Forum is chaired by the Minister, with five meetings held in 2017. This Forum provides an opportunity for the Department to share emerging research and policy approaches with the enterprise sector and to receive feedback on proposals. It also gives enterprise a platform to share their research and feedback from companies with the Department and to raise issues of concern, to highlight opportunities, and to suggest policy responses.

In addition, the Department has established a Trade & Investment Working Group. Membership includes Assistant Secretaries from the Department of An Taoiseach, the Department of Finance, the Department of Public Expenditure and Reform, the Department Foreign Affairs and Trade, the

Department Agriculture, Food and the Marine, the Department of Transport, Tourism and Sport, and the Revenue Commissioners. This Group, which met 10 times in 2017, provides a forum for discussion of trade and investment policy implications arising from Brexit, and an opportunity to consider potential Irish positions on key policy questions.

The Department has also held two large external stakeholder engagement events (“Sectoral Stakeholder Dialogues”) to capture inputs from a range of participants. The outputs from these events held in Carrick-on-Shannon (in January and addressing the full range of enterprise issues), and Dublin (held in conjunction with the Department of Education and Skills in July, and considering the skills implications of Brexit) fed directly into the Government’s All Island Civic Dialogue process.

Furthermore, Ministers and officials have also been engaged in extensive bilateral engagement with EU counterparts. There has also been engagement between the Department/Ministers and EU Commissioners, UK Ministers and Ministerial counterparts in other Member States and also the Commission’s Chief Brexit Negotiator, Mr Michel Barnier.

### **Brexit State Aid Response– working group**

As part of its response to the UK’s decision to leave the EU, in November 2017, the then Tánaiste met with Commissioner Vestager and one outcome from this meeting was the establishment of a Working Group on State Aid comprising representatives from Directorate General for Competition, the Department of Business, Enterprise & Innovation, Enterprise Ireland and Department of Agriculture, Food and the Marine. The objective of the Group is to scope and design schemes to support enterprises impacted by Brexit in line with State Aid rules. The Irish delegation is led by DBEI.

### **Rescue & Restructuring (R&R) Scheme**

A Rescue & Restructuring scheme was approved by DG Comp in November 2017. Under this scheme, Enterprise Ireland can offer restructuring support to small and medium sized companies (SMEs) who are in severe financial difficulty and would almost certainly be condemned to going out of business without the intervention of the State.

While it is not expected that there will be a need for the State to provide rescue/ restructuring aid to companies, given the supports already in place and those being developed (i.e. the Brexit Loan scheme and the proposed longer-term business investment loan scheme, along with the EI supports and Local Enterprise Office and InterTradeIreland supports) it is considered prudent to have contingency measures in place so that we can respond swiftly to changing circumstances as necessary.

### **Enterprise Ireland’s Strategic Response to Brexit**

Enterprise Ireland’s Strategy 2017-2020 represents a strategic response to Brexit aiming to grow more resilient Irish companies by building scale and expanding reach. To support its Strategy, the Department provided for additional capital monies in 2017 to enable EI implement a variety of initiatives and ramp up its supports to drive improvements in productivity, innovation, management capability and leadership skills, and to build the ambition of managers to look to other markets around the world. Enterprise Ireland’s exchequer pay provision for 2017 included additional current monies to assist in the recruitment of an additional 39 posts to support the Brexit Strategy.

As part of Enterprise Ireland’s strategic response to Brexit, several new initiatives were rolled out during 2017, including;

- February: Global Ambition Campaign launched to get more companies exporting and encourage companies to enter Eurozone;
- March: Launch of Brexit SME Scorecard, a new interactive online platform which can be used by all Irish companies to self-assess their exposure to Brexit under six business pillars.

- March: A €5k “Be Prepared Grant” was also introduced that supports the costs of SME clients in preparing a plan to mitigate risks and optimise opportunities arising from Brexit;
- April: Launch of new ‘Prepare for Brexit’ communications campaign to highlight action required by companies;
- May: Launch of New Eurozone Strategy to increase exports to the Eurozone by 50%;
- June: Prepare for Brexit Roadshows were rolled out nationally to engage with companies;
- September: International Markets Week which included a Brexit Zone, and the #Irish Advantage Campaign was launched which will target Eurozone buyers to buy Irish innovation in key Brexit impacted sectors;
- November: Launch of a fast track Agile Innovation Fund with a streamlined online application to give companies rapid access to innovation funding.

During 2017, EI also organised over 140 trade promotion events to help clients to maintain and grow their UK markets and to find new markets outside of the UK.

### **IDA Ireland’s Strategic Response to ‘Brexit’**

Brexit has been a significant focus for the IDA with increased resources, new marketing strategies and events taking place in order to highlight Ireland’s suitability for companies looking to maintain EU market access into the future.

IDA’s Brexit-strategy involved significant engagement with its clients – in fact, IDA began engaging with clients on Brexit in advance of the referendum and these engagements intensified following the result in June 2016.

IDA Ireland has also held major Brexit events in key locations, including London, New York and Hong Kong and participated in ‘Brexit’ related conferences and events across the globe. This has been supported by a very effective international media campaign, targeting international investors that highlights the advantages of locating or expanding in Ireland.

The Agency has modified its global footprint so that there are now four official territories rather than three, with the UK now being treated as a distinct market. The IDA are also looking to avail of new opportunities from its non-traditional target markets. This includes the UAE, Turkey and South Africa. The Agency will continue to also focus on growing its relationships in Europe as well as in countries like China, India, South Korea, Singapore and Australia.

While certainly challenging, the UK’s departure does present some opportunities for FDI in Ireland – although the nature of any opportunities will depend on the eventual outcome of the EU-UK negotiations.

Our strengths in attracting Brexit related investment include our continued access to the EU market, political, economic and regulatory stability relative to many competitors, a voice in EU policy and regulatory fora, consistent public policy regarding FDI, and close proximity to and connections with the UK.

Companies in the financial services sector have the most immediate requirements relating to Brexit, and Ireland has already won, despite serious competition, investments from leading companies in that sector (such as JP Morgan, Bank of America, Barclays, Legal and General, Chaucer and Almac).

### **LEO Brexit Supports**

Brexit supports through the 31 Local Enterprise Office throughout the country are focused on information and awareness, market diversification, increased competitiveness, and promoting innovation so that LEO client companies can better cope with the challenges arising on foot of Brexit as well as to explore any opportunities presented. As well as Brexit, related mentoring and training the LEOs have also delivered specific Brexit initiatives for micro-enterprises, including:

- The LEOs organised over 30 Brexit Information events aimed at core and non-core clients.

The LEOs also encourage their clients to participate in the Enterprise Ireland Brexit Roadshow which included a series of regional events to support clients in preparing and planning for Brexit.

- LEO Competitive Fund for Innovative Micro Enterprises: - this new competitive initiative incentivised LEO clients to engage in innovation to develop New Product, Process or Markets. 63 micro-enterprises were approved an investment of €25,000 each, totalling an overall investment of €1,575,000.
- Technical Assistance Grants for Micro Export to the LEO suite of grants provided an incentive for LEO clients to explore and develop new market opportunities. 279 clients were approved assistance under this measure totalling an overall investment of €505,400.
- The LEOs developed a Lean4Micro offer for micro enterprise clients. €845k. was allocation to LEOs in 2017 which delivered 179 LEO client participants in the programme.

### Intertrade Ireland Brexit Supports

As the SMEs assisted by ITI may be significantly impacted by Brexit, this Department provided additional funding to the Body in 2017 to undertake a new Brexit Awareness Campaign for SMEs. This provides a range of tailored supports, including 'Brexit Start to Plan Vouchers' valued at €2,000, to enable companies to obtain specialist advice on issues such as currency planning, tariffs and customs, regulatory requirements and taxation issues. Over 1,500 companies attended ITI's Brexit Awareness Events in a variety of locations across the island during 2017. In total the Brexit Advisory Service engaged directly with over 2,350 SMEs across the island through the various elements of its Brexit Advisory Service in 2017.

The Department also provided specific funding to ITI to enable research examining the implications of Brexit on Cross Border trade. The first of these research projects, analysing the impact of new tariff rates on a range of product sectors being traded between both jurisdictions, was completed in June 2017.

## Brexit Mitigating Measures for SME's

### Brexit Loan Scheme

The then Tánaiste and Minister for Business, Enterprise and Innovation Frances Fitzgerald TD, in partnership with the Minister for Agriculture, Food and the Marine Michael Creed TD, secured Budget funding for a new Brexit Loan Scheme which will provide affordable financing to eligible Irish businesses with up to 499 employees that are either currently impacted by Brexit or will be in the future. The scheme, through a combination of State and EU guarantees, will leverage up to €300 million of lending to eligible Irish enterprises at a maximum interest rate of 4% with a cost to the Exchequer of €23 million (€14 million provided by Department of Business, Enterprise and Innovation and €9 million provided by Department of Agriculture, Food and the Marine). The Scheme is open both to State Agency clients and those businesses that do not have any relationship with State Agencies. The finance will be easier to access, more competitively priced, and at more favourable terms than current offerings on the market.

The new Scheme will be delivered by the Strategic Banking Corporation of Ireland (SBCI) through commercial lenders to get much needed working capital into Irish businesses.

### Longer-term Investment Loan Scheme

For longer term solutions, the Department, together with the Department of Agriculture, Food & the Marine and the Department of Finance, began work on the examination of policy proposals for a new longer-term business Investment Loan Scheme to support businesses in investing strategically for a post-Brexit environment.

### **Business Finance Advisory Hub**

Development of a Business Finance Advisory Hub which would support financial planning and general financing needs of SMEs was also initiated in 2017. The proposed Hub will assist businesses to make more informed financial decisions, building on existing supports available from bodies such as Enterprise Ireland and Local Enterprise Offices. It will primarily be an online offering, which will provide standardised information and tools, and act as a signpost to appropriate Government supports and resources. In addition, the Department commissioned two surveys of businesses on the impacts of Brexit and levels of preparedness in 2017, so as to determine how best to support firms meet the challenges of Brexit.

### **Trade Agreements and Trade Missions**

In 2017, Ireland worked closely with the EU Commission and Member States to bring several trade agreements to a successful conclusion. The Comprehensive Economic and Trade Agreement with Canada (CETA) entered into force provisionally from the 21<sup>st</sup> September 2017. This means that Irish companies may now take advantage of the provisions of CETA including the elimination of tariffs on almost all key exports, access to the Canadian procurement market, the easing of regulatory barriers and more transparent rules for market access. It is of interest to Irish business and consumers as it removes over 98% of tariffs. This will make imports cheaper and our exports more competitive. CETA will present new opportunities for Irish business and professionals to work and provide services in Canada.

Another important development was the finalisation of negotiations of the EU Economic Partnership Agreement with Japan on the 8<sup>th</sup> December. This ambitious trade agreement is a landmark achievement for the EU and Japan, who together account for more than one third of the world's GDP. Like CETA, it will open up new and exciting opportunities for Irish exporters and companies across a range of sectors, including the agri-food sector, which will see particular benefits with new market access for dairy products and beef.

The Department has been actively engaged with promotion of the new opportunities presented by the suite of EU Trade Agreements. In September, the former Tánaiste, Frances Fitzgerald, led a major trade and investment mission to Singapore and Japan with 60 Enterprise Ireland client companies. This was a valuable opportunity to highlight the importance of new market access and diversification in the context of Brexit, and to promote the benefits for Irish companies of new EU trade deals with both countries.

This mission was just one part of a comprehensive programme of international trade events delivered by Enterprise Ireland in 2017, giving Irish companies the opportunity to meet with potential buyers and network with key influencers in countries around the world. In total, 57 internationally focused trade events were organised throughout the year.

The Department also continued to work with the Commission and Member States to ensure that Ireland's interests are promoted and safeguarded in ongoing EU trade negotiations, such as those with Mexico and Mercosur; new EU trade defence legislation; and on investment related issues.

### **EU Single Market in Services**

In January 2017, the European Commission launched its Services Package, which contains concrete initiatives which seek to deepen the integration of the EU Single Market in Services. This package includes proposals for a new European Services E-Card, aimed at further facilitating cross-border service provision in the construction and business services sectors. The package also includes proposals for improvements to the notification procedure within the Services Directive, with the objective of ensuring any new restrictions to service provision, that are being proposed for insertion

into Member States national laws, are in keeping with the free movement principles of the Single Market.

The Department conducted a public consultation on these proposals in 2017 and represented Irish interests at EU Council negotiations. The Notifications Directive was discussed at Council in May 2017, where a Council General Approach was agreed. Negotiations on the E-Card remain ongoing.

In May 2017, the European Commission also published a Single Market Compliance Package. This included a proposal for a Single Market Information Tool. This aims to give the Commission enhanced information gathering powers from individual market players when investigating cases of incorrect application of Single Market legislation. This proposal is being considered in detail by Council Working Parties and by the European Parliament.

In addition to participating in negotiations on these new legislative proposals, the Department continued its engagement at EU level, including with the European Commission, and with other Member States, and in representing Ireland at relevant EU Working Groups and Committees on Single Market issues.

The Department also continued to administer the SOLVIT and Internal Market Information (IMI) Systems, responding to SOLVIT cases and raising awareness of these administrative tools among businesses and citizens.

2017 also saw the completion of an initiative to enhance the functionality of Ireland's Point of Single Contact (PSC), a website which all Member States are required to operate pursuant to the EU Services Directive.

In October 2017, the Department hosted a meeting of the Your Europe Editorial Board in Dublin, which was only the fourth time that this meeting had taken place outside of Brussels. Minister Helen McEntee TD, Minister for European Affairs, gave the opening address to the meeting, which was attended by representatives from over 27 European Economic Area countries.

## Digital Single Market

DBEI's Statement of Strategy 2016 – 2019 recognises there are significant challenges and opportunities presented for many businesses from the evolution of the digital market, which has and will continue to change how business is done internationally. The Statement recognises that Ireland must build on our strengths in particular sectors, for example, the ICT sector, to take advantage of opportunities in these areas.

It commits to continuing to advocate ambitious initiatives to deepen the Single Market, especially in services, and the Digital Single Market, in policy areas within the Department's responsibility, and to support the continued mainstreaming of competitiveness across other policy fields. Furthermore, the Department will continue to seek efficiencies and improved customer service through continuous focus on digital opportunities.

The EU Digital Single Market (DSM) Strategy was published in May 2015 and is based around 16 initiatives supporting three key pillars: simplifying access for consumers and business; shaping the environment for digital networks and services to flourish; and maximising the growth potential of the digital economy.

It consists of both legislative and non-legislative measures to tackle these 16 initiatives. In 2017, 24 legislative proposals have been published spanning telecoms rules, broadcasting, consumer protection, data privacy, cybersecurity and eGovernment, aiming to break down barriers for citizens, consumers and SMEs conducting business and availing of services online.

The Mid-term review of the DSM was published in May 2017 and noted good progress had been made and agreements had been reached on many of these proposals.



The Mid-term review also outlined further areas where the EU needs to act further to ensure a fair, open and secure digital environment. These include:

- clarifying rules on the cross-border flow of non-personal data based on principles such as free movement of data (Free Flow of Data);
- preparing an initiative to improve access and reuse of publicly funded data;
- tackling cybersecurity;
- reviewing platform to business (P2B) trading practices and ensure a fair and innovation-friendly business environment; and
- work with platforms to ensure that illegal content online can be easily reported and effectively removed.

Digital Economy and EU Digital Single Market issues span both intra and cross Departmental work Programmes. In the Department of Business, Enterprise and Innovation there are Units responsible for considering and gathering internal views on those issues for which we have policy responsibility in order to ensure there is policy coherence within DBEI. These relate primarily to copyright and consumer and competition policy.

Subsequent to the appointment of the Minister of State for Trade, Employment, Business, EU Digital Single Market and Data Protection in June 2017, DBEI assumed responsibility for the leadership of the Interdepartmental Committee on the Digital Single Market (IDC on DSM). This cross-Governmental DSM group, responsible for leading the whole-of-Government effort on advancing and protecting Ireland's interests in relation the Digital Single Market, had previously been led by the Department of the Taoiseach. The Minister Chaired the IDC on the DSM in September 2017 and DBEI hosted and Chaired the IDC in November 2017 which addressed the theme of trust, which is seen as a key pre-requisite of digital transformation. The issues of Cybersecurity and eGovernment were addressed by the Department of Communications, Climate Action and Environment and the Office of the Chief Government Information Officer respectively.

The Digital 9 (D9) group is made up of digital frontrunner countries comprising Ireland and Nordic, Benelux and Baltic states based on the positioning of countries in the EU Digital and Society Index (DESI). Its focus is on delivering strategic oversight on the optimal application of digital policy and on acting as a forum for exchange of best practice. The Minister of State for Trade, Employment, Business, EU Digital Single Market and Data Protection led an Irish delegation to the Digital 9 which took place in Sweden in October 2017. The meeting was attended by Ministers from other D9 EU member states. The meeting discussed issues including the challenges of Digital Society today, the Future of Work, online platforms and the European Commission's proposal on the Free Flow of Data.

The Minister of State outlined that that active engagement in the Digital Single Market is an enabler of Ireland's Digital Economy and the D9 Group provides an important forum through which the best practice and knowledge of like-minded member countries can be shared to greater effect. The Minister committed to hosting a meeting of the D9 Group in Ireland in May 2018 to further emphasise Irelands commitment to the digital agenda.

In advance of the D9, the Minister of State Chaired a D9 Online Platforms Business Roundtable with a number of companies selected by IBEC from their Digital Policy Committee on 11<sup>th</sup> October 2017. This focussed stakeholder engagement gave businesses the opportunity to discuss the issues and barriers that they are facing and what needs to be done to overcome these barriers and create an ideal business environment in the future. The feedback gathered from this Roundtable was relayed at the D9 meeting in Stockholm. Further engagement with trade associations, including IBEC and AmCham will take place in 2018 to progress Ireland's digital agenda and the Digital Single Market.

The Department also represents Ireland on the OECD Digital Economy Committee.

## Supporting the EU INTERREG Programme

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

For the current round of INTERREG (due to run from 2017 to 2022), there is a Research and Innovation (R & I) strand, in respect of which DBEI co-funds, together with our counterpart Department in Northern Ireland.

Total funding available for this R & I strand (from the EU and National Governments) is €71m over the period up to 2022. It is a requirement that most project activity must be located within Northern Ireland, the six border counties in the Republic of Ireland and Western Scotland.

The R & I strand comprises two distinct elements: an initiative to increase the number of SMEs engaged in cross-border Research and Innovation activity (€18m) under which a range of activities will be provided for SMEs; and a more research-oriented initiative to increase the level of cross-border business and industry-relevant research and innovation capacity within the Health and Life Sciences and Renewable Energy sectors (€53m).

Third level institutions within the geographical area will have a strong role, including the three Institutes of Technology in the border counties. A total of 514 PhD years' worth of research is involved over the life of the Programme and selected companies from the relevant sectors are also participating, which will result in their developing enhanced expertise, especially in the development of new products or processes.

Both elements of the Programme are now underway with individual projects having been formally launched during 2017.

## EPSCO/European Semester

Up to September 2017 the Department coordinated the work of the Employment and Social Policy strands of the EU EPSCO Council. Ireland contributed to the work of two formal Council meetings and one informal Council meeting under the Maltese Presidency in the first six months of 2017. The Department co-ordinated one informal Council meeting under the Estonian Presidency in July. Responsibility for the co-ordination of further Council Meetings transferred to the Department of Employment Affairs and Social Protection in September 2017.

## European Pillar of Social Rights

The European Commission published its proposals for a European Pillar of Social Rights in April, following on the completion of the consultation process with all Member States. The Commission proposed that the European Pillar of Social Rights would be introduced as an Inter-institutional Proclamation through the European Parliament and the Council. The Department co-ordinated the Irish position, involving 12 other Departments, through the various EU committees and EPSCO Councils until September 2017. In September, responsibility for the co-ordination of the Irish response to progress the EU Pillar of Social Rights was transferred to the Department of Employment Affairs and Social Protection.

## Business Regulation Unit (BRU)

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

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

The Small Advanced Economies Initiative is a group of 7 countries (Denmark, Finland, Ireland, Israel, New Zealand, Singapore and Switzerland) that bring together officials and experts to consider policy issues of common interest where the perspective of being a small advanced economy influences policy choices.

The annual meeting of Principals took place in Helsinki in 2017 and the Irish Delegation, led by the Secretary General, Department of Business, Enterprise and Innovation, included senior executives from the Department of Foreign Affairs and Trade, and the Office of the Chief Scientific Adviser to Government. The delegates were all senior representatives of their countries' ministries (including Offices of the Prime Minister, Ministries of Business, Ministries of Finance, Ministries of Higher Education and Science, and Ministries of Foreign Affairs and Trade), associated agencies as appropriate, and the offices of Chief Scientific Advisers.

The OECD presented to a plenary session on productivity and competitiveness. Other presentations from the members and areas for discussion included big data usage to inform policy making, the future of work, future proofing working life competencies gained in Higher Education, economic complexity, digitisation, public research commercialisation, global value chains and trade policy.

### **International Labour Organisation (ILO)**

The Department leads on Ireland's engagement with the ILO. In June, Ireland was elected as Titulaire member of the ILO Governing Body (GB) for the period 2017-20. This is the first time Ireland has been elected to a Titulaire seat (one with speaking and voting rights) since we joined the ILO in 1923. In order to facilitate preparation of national positions on the GB agenda the Department established an Interdepartmental Group which brought together Departments with policy responsibility for the GB's wide-ranging agenda.

A key feature of the work of the Group is the involvement of the Social Partners, to reflect the fact that the ILO is a tripartite organisation. In addition to participating in the March and November GB meetings, the Department led a tripartite delegation to the International Labour Conference in June.

### **European Metrology Programme for Research**

In 2017, NSAI's National Metrology Laboratory participated in a number of research projects in the European Metrology Programme for Research and Innovation (EMPIR), including:

- EMPIR Eura-Thermal project
- Trace PQM project (Traceability routes for electrical power quality measurements)
- Humea project with the objective to develop or extend the measurement and research capabilities of the participating emerging NMI/DIs' countries in the field of humidity measurements.
- MetAmmi: "Metrology for additively manufactured medical implants".

In 2017 NSAI also hosted the membership of the IQNET General Assembly, the world's largest network of national certifications bodies, to ensure Ireland and Irish businesses can achieve wider recognition and market access.

## Goal 4: Positioning Ireland as a Global Innovation Leader

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

### Innovation 2020

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

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

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

The Implementation Group met three times in 2017. The second progress report on implementation of Innovation 2020 was brought to Government and published in December 2017. Key progress on Innovation 2020 actions in 2017 included:

- Five new Science Foundation Ireland (SFI) Research Centres announced (bringing the total number of SFI Research Centres to 17);
- A new PhD and Research Masters Programme to provide funding for 150 new enrolments in disciplines aligned to enterprise;
- Continued development of Ireland's commitment to International Research Organisations as evidenced by:
  - Membership of the European Southern Observatory initiative;
  - Completion of Irish membership of LOFAR, the network of radio telescopes distributed across Europe;
  - Full membership of ELIXIR which brings together life-science resources from across Europe;
- Ireland has won €475 million of competitive funding under Horizon 2020, the EU Framework Programme for R&D;
- A new Enterprise Ireland/IDA Ireland Technology Centre launched in meat processing – an industry led initiative to create a 'one-stop shop' for meat processing research and technology;
- Enactment of the Knowledge Development Box Certification of Invention scheme to enable SMEs to qualify for the lower rate of corporation tax;
- Seven Enterprise Ireland Small Business Innovation Research (SBIR) projects launched addressing challenges such as illegal dumping, blocked gullies in high risk flooding areas, wayfinding solutions, and enabling older people to remain in their homes;
- Three new Enterprise Ireland Technology Gateways added to the network of gateways which deliver technology solutions for Irish industry close to their market needs;
- The launch of the third phase of the Knowledge Transfer Ireland (KTI) Technology Transfer Strengthening Initiative to bolster the capability within the knowledge transfer system and sustains capacity to support the process of commercialisation of research;
- The launch of an integrated, state-of-the-art Consumer Research and Market Insight Centre for Irish agri-food research;
- The launch of Laureate Awards for frontier research across all disciplines beyond postdoctoral level;
- Implementation of research related recommendations arising from the Higher Education Authority Review of Gender Equality Recommendations.

## Science Foundation Ireland

During 2017 Science Foundation Ireland (SFI) continued to play a key role in supporting the government's vision for Ireland to become a Global Innovation Leader, as outlined in Ireland's strategy for research and development, science and technology - Innovation 2020, as well as implementing a number of actions in the Action Plan for Jobs 2017 and other national strategies.

Throughout 2017, SFI continued to focus on supporting a high-quality research environment with the aim of establishing Ireland as a location renowned for the excellence and economic relevance of its scientific research. In 2017 Ireland was identified as 11<sup>th</sup> in global scientific rankings for overall quality of research, having broken into the top 10 for a period in 2016-2017. Ireland ranked 2<sup>nd</sup> in the world for Nanotechnology, 2<sup>nd</sup> for Animal and Dairy Science, 2<sup>nd</sup> for Immunology, 4<sup>th</sup> for Agriculture, 4<sup>th</sup> for Mathematics, 5<sup>th</sup> for Materials Science and 6<sup>th</sup> for Chemistry.

### Programme activity

2017 was a year of significant accomplishment across all areas of Science Foundation Ireland's activity. 366 new awards were approved in 2017 across 30 programmes with a value of €212 million. Total payments to research bodies and organisations in 2017 were €173 million.

### Key areas of progress in 2017 included:

- The first 12 SFI Research Centres have signed collaborative research agreements with over 300 industry partners representing cumulative company commitments of over €120 million and have won €132 million from a range of international funding agencies,
- Four new SFI Research Centres were launched: Confirm, FutureNeuro, BEACON and I-FORM with an investment of €74 million from SFI and industry funding of €40 million. The new SFI Research Centres will address critical and emerging areas of the economy including advanced additive and smart manufacturing, neurological diseases and the bioeconomy
- Science Foundation Ireland continued to support early career researchers through programmes including the SFI Starting Investigator Research Grant, the SFI Career Development Award, and the SFI Future Research Leaders programmes.
- Over €40 million invested in 34 excellent and impactful research projects under the SFI Investigators Programme. Six of the research projects received co-funding of €3 million from Teagasc, Geological Survey Ireland (GSI), the Marine Institute (MI), and the Environmental Protection Agency (EPA).
- A joint initiative co-funded by Science Foundation Ireland and the Fraunhofer-Gesellschaft, Germany, to create a Fraunhofer Project Centre (FPC) for Embedded BioAnalytical Systems in Dublin City University (DCU).
- Three Royal Society University Research Fellowship (URF) awards funded under the SFI-Royal Society Partnership Scheme.
- Three awards were made under the most recent SFI-BBSRC (Biotechnology and Biological Sciences Research Council) Partnership funding call, bringing funded awards to a total of fourteen and €6.7 million.
- Science Foundation Ireland entered a new partnership agreement with the UK's Engineering and Physical Sciences Research Council (EPSRC). The agreement supports joint research and technology development projects in the areas of engineering, ICT, mathematical sciences, physics, chemistry and materials science. This builds on the existing relationship with the UK involving collaborative agreements with the Royal Society, Wellcome and the BBSRC.

- 50% of Ireland's patent-cited publications were funded in part or in whole by Science Foundation Ireland, demonstrating that the research being funded by Science Foundation Ireland is vital to the commercialisation process.
- Science Foundation Ireland values working in partnership, and by the end of 2017 had awarded 18 Strategic Partnerships with industry (including nine awards in partnership with Pfizer) and 16 SFI Research Centres Spokes awards.

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

Science Foundation Ireland held a number of STEM awareness initiatives in 2017. Science Foundation Ireland has been working with the national broadcaster, RTÉ, and other partners through its SFI Discover Programme, to catalyse a transformation in scientific coverage and programming, particularly that which highlights Irish stories relating to science, technology, engineering and maths (STEM) across all media platforms. Through the Science Foundation Ireland-RTÉ partnership, three one-off documentaries, five television series and three children's television series with scientific content have been aired. There has been an increased focus on science in broadcast media, with several independently-funded pieces airing, including documentaries, 'filmed for web' features and increased news coverage from RTÉ's dedicated science correspondent.

Science Week took place from November 12<sup>th</sup>-19<sup>th</sup> with over 1,200 events across the country, involving 315,000 participants. These events included 12 festivals taking place in: Cavan/Monaghan, Sligo, Mayo, Galway, Limerick, Kerry, Cork, Waterford, Carlow, Tipperary and the Midlands. The Teagasc Festival of Food and Farming took place across Dublin, Meath, Carlow, Galway, Cork and Wexford. A number of events were coordinated by Science Foundation Ireland including 'Scintillating Science with Dara O'Briain' which sold out at the National Concert Hall and a Science Week Family Open Day in the Convention Centre Dublin, which also sold out.

New demographics were reached in innovative ways including a TV program 'Weather Live' which was presented by Met Eireann and aired on RTE One, interactive events at the Gaiety School of Acting and more. This year's Science Week also introduced the #StopAndAsk campaign, the aim of which was to enable society to make sense of the world around them and to facilitate conversations between the general public and the scientific community in Ireland. There was significant contribution from Science Foundation Ireland funded researchers and industry partners who participated in Science Week events throughout the country. Forty-four awards were made through the SFI Discover Programme totalling an investment of €2.8 million supporting the education and engagement of the Irish public in STEM.

### **Research Prioritisation**

Research Prioritisation (RP) was adopted by the Government in 2012 as the principle guiding public investment in research in support of the enterprise sector. It aligns public investment with areas of strategic market opportunities for Irish-based enterprise. The current cycle of RP spans the five-year period 2013-2017. Innovation 2020 committed to reviewing the priority areas to ensure that they are still valid and to revise them, if necessary, in the light of changed circumstances. The objective is to evolve the priority areas to ensure that Ireland is favourably positioned to benefit from the global opportunities now and into the future, by responding to worldwide megatrends and global challenges that are shaping the global economy and Ireland's place in it. In 2017, three studies were completed which provide the evidence base for the next cycle of RP for the period 2018 to 2023. The studies are:

- A Global Market Opportunity Assessment to identify strategic areas of commercial opportunity in global markets for Irish-based enterprises.

- A Technology Futures exercise to assess technologies that are or will be critical to Ireland's economic and social development.
- An assessment of the current cycle of Research Prioritisation.

A Consultation Forum held in November 2017 elicited views from stakeholders representing academia, enterprise and the public sector. The final report setting out the revised priority was brought to Government and will be published in Q1 2018.

### **Disruptive Technologies Innovation Fund**

The Government decided that the revised research priority area would inform a new Disruptive Technologies Innovation Fund, which was announced in the context of the National Development Plan (NDP) under Project Ireland 2040. This confirms the establishment of a €500 million challenge-based Fund that will be implemented through the Department of Business, Enterprise and Innovation (DBEI) and its agencies, working with other Government Departments and agencies.

This Fund will be competitive and challenge-based and see investment in the research, development and deployment of disruptive technologies and applications on a commercial basis to create the jobs of the future: it will drive collaboration between Ireland's world-class research base and industry as well as facilitating enterprises to compete directly for funding in support of the development and adoption of these technologies. The Fund will help to position Ireland as a Global Innovation Leader.

### **Capital Expenditure on Research, Development and Innovation - review**

In July 2017, DBEI published a review of the Department's Capital Expenditure on Research, Development and Innovation (RDI). The report contributes to the wider Government Spending Review 2017. The review traces DBEI expenditure from its objectives to inputs, outputs, outcomes and impacts between the period 2000 to 2016.

The review finds that innovative firms have higher survival rates and ability to withstand shocks. Innovation also aids in developing product or service mix and increases capabilities to internationalise. Of the Enterprise Ireland clients, innovation active firms showed higher resilience and growth in employment, exports and value added. While progress has been made in developing Ireland's National Innovation System, the review identifies challenges to be addressed to continually enhance the impact of funding in the system. These include; broadening the base of innovation active firms; deepening the scale of investment; widening supports available; and supporting companies to diversify their product and market mix, which is critical in the context of Brexit and firms that are currently over reliant on a single market.

### **Health Innovation Hub Ireland**

Health Innovation Hub Ireland (HIHI) is a joint initiative of DBEI and the Department of Health. The aim of the initiative is to drive collaboration between the health service and the enterprise sector leading to the development and commercialisation of new healthcare technologies, products and services. An Oversight Group, established to give overall strategic direction to the Health Innovation Hub Ireland, is chaired by an independent industry expert, with joint deputy chairs from DBEI and the Department of Health and comprises senior representatives from the enterprise development agencies, the HSE, and the Health Research Board. The Oversight Group met six times in 2017.

The 2016-2017 call (open and focussed) sought project proposals from companies or entities whose innovative products or services have the potential to significantly impact healthcare. Concepts and ideas from individuals or teams involved in healthcare delivery were also sought. The open call sought innovations that address any healthcare need. In line with the Smart Ageing Initiative, the focussed call was on Improving Care for Older Persons in the Healthcare System. In addition, HIHI

operate an 'Open Door' policy outside of the formal call process. In 2017, HIHI actively supported a total of 37 projects – 22 projects from companies and 15 ideas or innovative concepts from the healthcare system. HIHI are conducting these projects in 13 different clinical locations ranging from Hospitals, to HSE Community Care Groups, to Pharmacies.

During 2017, a Stakeholder Advisory Group, chaired by a representative from the HSE and involving representatives from the health service, industry and patient groups, was established. The Group acts as a forum between industry, health services, patients and the Hub to bring about improved patient outcomes, and efficiencies and effectiveness in health care delivery which will facilitate economic growth. The Group also aims to provide strategic input to the Oversight Group so that the Hub is advancing projects in domains of activity pertinent to the needs of the healthcare service and to the global health care marketplace. The Stakeholder Advisory Group met twice in 2017.

### **National Maritime Strategy**

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

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

DBEI, in association with six other public bodies, again organised a workshop on the theme of the Digital Ocean, as part of SeaFest 2017, the national maritime festival held in Galway in June. The workshop was attended by 380 delegates with a significant increase in the number of industry delegates in 2017.

### **EU Framework Programme for Research and Innovation - Horizon 2020**

Ireland continued its excellent performance in Horizon 2020, the EU Framework Programme for Research and Innovation. Ireland won €475 million in competitive, EU funding from the programme over the period 2014 to September 2017. Higher Education Institutes accounted for €254 million, or 53.4 %, of the total. Companies won €161 million, or 34%, with €98.6 million of this going to SMEs. Enterprise Ireland leads the Irish Horizon 2020 Network consisting of National Contact Points and National Delegates from various research and industry agencies and government departments.

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

The North South Ministerial Council agreed a challenging target of drawdown of €175m for north-south collaborations to the Horizon 2020 programme. To date €65m has been secured and despite uncertainty over Brexit, the overall target remains achievable. During 2017 InterTradeIreland conducted a survey of possible participants on the potential for cross-border partnerships under Horizon 2020 and will develop a range of supports based on the survey findings. These include bespoke training for Horizon 2020 funding applications, protected time for lecturers/researchers and a series of targeted events.

In preparation for the negotiations on the 9th Framework Programme for Research and Innovation (FP9) which will be the successor to Horizon 2020, DBEI published its preliminary views on the new programme in September 2017. Ireland proposes that FP9 should adopt the ambitious goal of establishing the EU as the global leader in the generation of new knowledge through scientific



research and in applying that knowledge through innovative solutions to pressing societal and economic challenges.

The document sets out Ireland's preliminary position on FP9 and was produced following a consultation with national stakeholders, government departments and agencies.

### **EU Competitiveness Council**

DBEI attended two formal and two informal Competitiveness Councils (Research) and was involved in the preparatory work leading to two sets of Council Conclusions relating to:

- Streamlining the Research and Innovation monitoring and reporting landscape: and
- From the interim evaluation of Horizon 2020 towards the ninth Framework Programme

### **European Research Area**

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

The 2015-2020 European Research Area Roadmap identifies a number of key implementation priorities which are likely to have the biggest impact on Europe's science, research and innovation systems.

Based on the commitments set out in Innovation 2020, the Irish ERA Roadmap sets out the range of actions Ireland will take to deepen its engagement with ERA and the 6 ERA priorities.

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

DBEI continued to strengthen Ireland's participation in international research collaborations by completing its membership of I-LOFAR and commencing discussions to join ESO, the European Southern Observatory (ESO), which is the foremost intergovernmental astronomy organisation in Europe and the world's most productive astronomical observatory. Membership of ESO was prioritised over membership of CERN for 2018 because of the large, established community of astronomy researchers in Ireland. Astronomy is an active area of research in each of our universities and several of our institutes of technology. Negotiations on the Accession Agreement for Ireland to ESO will continue in 2018.

Ireland joined the International LOFAR (LOW Frequency ARray) Telescope (ILT) in 2017. The ILT comprises a network of radio telescopes distributed across Europe which are linked together to function as a unified, super-telescope. This is a world-leading instrument, and the largest radio telescope in the world. DBEI, through its agency Science Foundation Ireland, provided a grant of €1.4 million in January 2016 towards the capital cost of the I-LOFAR radio telescope.

An all-Ireland consortium of Universities and Institutes of Technologies form the I-LOFAR consortium. Minister Halligan officially switched on the telescope adjacent to the historic Leviathan telescope in Birr Castle, Co Offaly in July 2017.

Ireland is now a member of 8 IROs – the European Space Agency, the European Molecular Biology Laboratory, the European Molecular Biology Conference, Eureka, COST, CECAM, ELIXIR and LOFAR. Membership of such IROs provides opportunities for Irish researchers and innovators and is the tangible evidence of Ireland's commitment to developing its international innovation, research and development footprint.

## **EURAXESS and Accreditations of research institutions**

The EU's Third Country Researchers Directive provides for a fast track procedure for admitting researchers from outside of the European Economic Area for a period of up to five years to undertake research in organisations accredited to the scheme. DBEI is responsible for managing the applications process for organisations that seek accreditation as research institutions. DBEI received ten new applications and three renewal applications in 2017. Currently, there are 59 organisations accredited to the scheme.

DBEI also funds the EURAXESS office, hosted by the Irish Universities Association, which processes the application for hosting agreements from the individual countries. In 2017, EURAXESS Ireland processed 439 new hosting agreements from researchers encompassing 58 different nationalities.

## **US-Ireland R&D Partnership**

The US-Ireland R&D Partnership is a product of the peace process and involves the governments of the USA, Ireland and Northern Ireland working together to advance scientific progress by awarding grants for research on a competitive basis. Areas funded include health, telecommunications, energy, nanotechnology, sensors, agriculture and collaboration at the level of individual Research Centres.

A Steering Group co-chaired by the three jurisdictions guides the collaboration across the three administrations with secretariat support from InterTrade Ireland. A meeting of the Steering Group was hosted by the US in March 2017.

Up to 2017, there have been 40 successful projects under the partnership including the first U.S. Department of Agriculture's National Institute of Food and Agriculture Research Initiative Foundation Program Grant.

## **Ministerial Engagements**

DBEI provided support to a Ministerial delegation to Brazil to highlight and promote research and innovation collaborations with academia and enterprises. DBEI also supported Ministers when meeting with foreign delegations.

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

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

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

### **Strengthening existing in-company R&D capacity**

In providing support for Research Development and Innovation (RDI) the State recognises a market failure where companies (particularly SMEs) do not invest enough in R&D or that when they do invest they tend not to invest in enough large or ambitious projects. Enterprise Ireland's role in this regard is to de-risk such RDI so that companies will develop new and improved products and services.

### **Irish Manufacturing Research (IMR) Technology Centre**

The official opening of the Irish Manufacturing Research (IMR) Technology Centre took place in May 2017. IMR, funded under the Enterprise Ireland/IDA Technology Centres Programme, provides research solutions and specialist expertise and training to the manufacturing sector in Ireland.

An initial State investment of €15 million will lever significant additional private and public research funding to create an international centre of scale for Ireland in industry driven Applied Manufacturing Research. IMR's vision is to help make Ireland a world leader in advanced manufacturing operations for both SME and indigenous export companies and for multinational corporations based in Ireland.

The new Centre brings together cross sector industries and academic partners to develop breakthroughs in emerging technologies such as productivity technologies, collaborative robotics, industrial internet of things and additive manufacturing.

### **Collaborative Innovations:**

During 2017, a record number of collaborative projects (1,078) between companies and Irish Higher Education Institute (HEIs) were supported by Enterprise Ireland.

These projects range from small €5k Innovation Vouchers projects to Technology Gateway Industry projects to large and potentially transformative Innovation Partnerships averaging around €300k. These projects provide companies with new commercial opportunities, cost savings or increases in their innovative capability.

**HPSU Spinouts:** 15 new High Potential Start-ups (HPSUs) were created from research outputs from the Higher Education System in 2017. These HPSU's are high technology, often disruptive young companies with a strong ability to succeed, achieve export sales and contribute to employment growth in Ireland.

**Horizon 2020 Success:** Enterprise Ireland leads our national participation in Horizon 2020, Europe's Innovation and Research funding programme. Since its launch in 2014, €475 million in non-exchequer RDI funding has been awarded to Irish companies and higher level researchers (€139 million in 2017). In addition to this funding, Horizon 2020 provides connectivity to important leading edge partners and know-how which can enable step changes in companies' longer term performance.

**SME Instrument:** In 2017, Enterprise Ireland's work helping SMEs access the SME Instrument of Horizon 2020 meant that Ireland is now the most efficient country in getting Horizon 2020 proposals funded through the European Commission. In 2017, 8 companies won over €16 million with some SMEs winning over €2m each.

**Big Ideas:** Enterprise Ireland hosted the Big Ideas event during 2017. This event is a platform for High Potential Start-ups from the Irish research system, to pitch their innovations to investors and to turn their Big Ideas into profitable sustainable enterprise.

**Space Sector:** Through Ireland's membership of the European Space Agency, 18 Irish companies, including 4 new entrant companies, secured €12 million in European Space Agency (ESA) contracts in 2017 with Enterprise Ireland support. The Irish research industry secured a further €1.4 million in contracts, bringing the total value of ESA contracts placed in Ireland to €13.4 million in 2017.

Enterprise Ireland signed an Earth Observation Agreement with the European Space Agency to provide Ireland, for the first time, with access to near-real time Earth Observation data. Access to near-real time data will help to drive research, and support the development of commercial applications and internationally traded services, and additionally, inform national policy

**Small Business Innovation Research (SBIR)** enables public sector bodies to address challenges by connecting with businesses to procure research and development on innovative solutions. SBIR Ireland, administered by Enterprise Ireland aims to drive innovation across all sections of the Irish Public Sector via robust engagement with technology rich companies.

A new SBIR call launched in late 2017 saw 11 Challenges approved from a wide range of Contracting Authorities including the Office of Public Works, Department of Public Expenditure and Reform and Local Councils including Clare, Limerick and Cork City.

**Knowledge Transfer Ireland (KTI)** helps business to benefit from access to Irish expertise and technology, by making it simple to connect and engage with this research base in Ireland. This engagement helps progress innovation, the commercialisation of research, job creation and economic prosperity. In 2017, a review of the progress made by KTI in its first three years of operation (2013-16) was conducted by an international panel of knowledge transfer experts. The review acknowledged the progress achieved by KTI since its recent establishment.

**KTI Impact Awards:** In April 2017, the KTI awards ceremony celebrated the achievements of knowledge transfer professionals working in Irish Higher Education Institutes (HEIs) and publicly-funded research organisations (RPOs). In September 2017 KTI held its annual conference, attracting over 200 people (approximately half of whom were from industry) to discuss research collaboration and commercialisation. The 'Find R&D Funding' online interactive tool launched at the conference provides organisations interested in engaging in R&D with information on the various sources of funding, incentives and other supports available for research and development activity in Ireland.

**TTSI3 Funding Programme:** The third phase of the Enterprise Ireland Technology Transfer Strengthening Initiative (TTSI) commenced in January 2017. This five year €34.5 million programme, managed by Knowledge Transfer Ireland, sustains the capacity and capability to support knowledge transfer and commercialisation of research in Irish research performing organisations (RPOs).

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

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

Cycle 5, initiated in 2011 awarded funding across 33 distinct projects, totalling €277 million in Exchequer funding plus an additional matched funding of €58 million. The remaining four projects of the 33 projects commenced under Cycle 5 were completed during 2017.

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

## European Space Agency

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

Membership of ESA and investment in its programmes provides Ireland's businesses and researchers with access to a €5 billion per year technology development organisation that has no equal anywhere outside NASA and access to Global and European institutional space clients, prime contractors and

technology supply chains. In 2017, Ireland invested €17.8 million in its membership of ESA and a further supplementary investment of €1m was made at the end of the year.

During 2017, 18 companies securing ESA contracts, 4 of which were first-time ESA contractors. The value of industry contracts placed by ESA in Ireland in 2017 was €12 million. A further €1.4 million contracts were secured by the Irish research community, bringing the total value of ESA contracts placed in Ireland in 2017 to €13.4 million, demonstrating the progression of Ireland in this developing sector.

Total employment in ESA participating companies has grown from 1,300 in 2008 to over 2,000 in 2017 and is projected to exceed 5,000 by 2020. This high level of growth in employment reflects the combined efforts of Government in investing significantly in R&D, Enterprise Ireland and IDA working with industry and ESA itself translating the innovation capacity in Irish industry into products, systems and services for the European space programme and the global space market.

Irish companies, scientists and researchers continue to pursue exciting and emerging opportunities through the European Space Agency. During a trade mission to ESA in April 2017, several contracts with Irish companies were announced:

- Enbio announced a contract worth €650,000 to develop and manufacture advanced surface coatings for Neosat, the next generation of satellite platforms for telecommunications missions;
- Innalabs won a contract for €980,000 to develop a space qualified Rate Measurement Unit (RMU). This will be used for satellite Attitude and Orbit Control Subsystems in a range of space missions; and
- Pilot Photonics secured a contract for €335,000 to develop laser communications sub-systems for use in a range of advanced communications satellite.

In May 2017, University College Dublin, in collaboration with Queen's University Belfast, was successful in its application to ESA's Fly Your Satellite Programme, giving Ireland the opportunity to develop and launch its first ever Satellite. It is anticipated that this satellite will be launched from the International Space Station in 2019. This is primarily an education project, preparing participants for a career in the space sector. It is also an important opportunity for the Irish space industry, who will be participating in the project, to qualify their technologies for space.

ESA's Director General, Mr. Jan Wörner, attended the closing ceremony of the Summer of Space, Space Studies Programme, in Cork County Hall, August 2017. Cork Institute of Technology hosted the successful 9 week programme. During his time in Ireland, Mr. Wörner also visited the ESA Space Solutions Centre Ireland at Tyndall National Institute and met the founders of Thalman Health, an Irish company which develops wearable temperature monitors.

In October 2017, Enterprise Ireland signed a Technical Collaborative Arrangement with the ESA. This Arrangement will provide the state with unprecedented access to the Copernicus Programme's near-real time earth observation information. The data can be utilised for research, commercial development and policy informing purposes. National University of Ireland Galway will house the national Earth Observation Data Hub.

In November 2017, DBEI announced that the EU Commission had selected Maynooth University to host the Copernicus Relay and the Copernicus Academy for the EU's Earth Observation Space Programme, Copernicus. Both establishments will work to improve awareness, understanding and uptake of the EU's Earth Observation Programme, Copernicus.

## EU Space Policy Developments

At the May 2017 Competitiveness Council for Space, under the Maltese Presidency, Council held a debate on the implementation of the Space Strategy for Europe agreed in 2016, and adopted Council

Conclusions setting out priority areas of the Strategy. The conclusions acknowledged the importance of a reinforced coordinated and complementary relationship between the EU and ESA and stressed the need to maximise the integration of Space into everyday life.

Member States also attended the Informal Space Ministerial Meeting, hosted by the Estonian Presidency, in November 2017. This meeting examined the EU's Earth Observation Programme, Copernicus. In opening the meeting, the EU Commission stated that the Copernicus Programme is exceeding its targets. During their exchange of views, Ministers highlighted Copernicus's role in addressing climate change and tackling security and migration issues, in addition to the Programme's role in fostering enterprise.

At the Competitiveness Council held on the 1st December, chaired by Urve Palo, Estonian Minister of Entrepreneurship and Information Technology, Ministers adopted Council Conclusions on the Mid-term evaluation of the Copernicus Programme, the EU's Earth Observation Programme and discussed the way forward for EU Space Programmes.

The Mid-term review concluded that the Copernicus Programme is globally on track, in line with achieving the objectives, and that objectives are still relevant with current EU political priorities and users' needs. Council welcomed the approach to continue building the data chain to facilitate potential commercial exploitation by SMEs. In discussing EU Space Programmes, which include Copernicus and Galileo and the EU's Satellite Navigation Programme, Ministers highlighted the need for Programmes to adapt to global developments and challenges. Ministers also acknowledged the role that the Programmes play in improving Member States competitiveness, both within the EU space sector and globally.

## Tyndall National Institute

Tyndall National Institute (Tyndall) is Ireland's largest dedicated research centre, specialising in Information and Communications Technology (ICT) hardware and systems. Tyndall is a National Institute, operating internationally to facilitate and enable R&D & innovation in Ireland, and hosts a unique national research infrastructure.

The ICT sector in which Tyndall specialises is of huge economic importance globally, with turnover in excess of over \$3 trillion annually. It provides the technological basis upon which most other manufacturing sectors depend for improvements in productivity, and all services (healthcare, energy management, transport, environmental management) depend for efficiency and improving delivery. The Irish ICT industry is the largest single manufacturing sector in the country and has considerable potential for increasing the level and quality of its economic impact.

Under a formal Agreement with UCC the Minister for Business, Enterprise and Innovation is committed to providing core funding to support the day-to-day operations of Tyndall. Tyndall leveraged the core grant provided by this Department of €4.5 million in 2017 to generate a total research budget of some €36 million. This included:

- Direct industry funding of €6 million.
- Income generated from EU research programmes (FP7 and Horizon 2020) of ca €7 million.
- Income secured from competitive research programmes (SFI, EI & other funders) of ca €23m

Direct outputs from this research funding in 2017 included:

- Ongoing engagement with the Horizon 2020 programme. To date 57 projects have been funded with a total value of €420 million. 8 of these projects were coordinated by the Institute itself. Total direct value to Tyndall is €30 million, with €16 million awarded to Irish industry.
- The awarding of 3 key large-scale infrastructural European projects, drawing down €23 million in EU funding with a direct value to Tyndall of €7 million.
- Nine new EI Innovation Partnership projects with industry.
- 26 invention disclosures made and 6 patents filed (plus 4 pending).

- Over 270 peer reviewed publications in key international journals.
- 11 commercial licences/options/assignments concluded with industry (with a further number under discussion).

## Copyright

Progress was made during the year in advancing copyright issues at both domestic and EU level. Throughout 2017, drafting continued on the Copyright and Other Intellectual Property Law Provisions Bill. The Bill is designed to progress a number of recommendations contained in the Report entitled “Modernising Copyright” published by the Copyright Review Committee in late 2013.

At EU level, the European Commission published proposals to reform and modernise EU copyright law in December 2015 and September 2016. The proposals are designed to allow wider online access to copyright works by users and consumers across the EU. The following proposals were formally adopted by the EU Parliament and EU Council in 2017:

- Regulation (EU) 2017/1128 of the European Parliament and of the Council of 14 June 2017 on cross-border portability of online content services in the internal market. This regulation enables consumers to access their online content services e.g., Netflix, RTÉ Player when travelling temporarily within the EU in the same way they access them at home. The Portability Regulation will come into force in EU Member States on 1st April 2018.
- A Directive (2017/1564/EU) and Regulation (2017/1563/EU) to implement the Marrakesh Treaty (an international copyright agreement) to facilitate access to published works for persons who are blind, visually impaired, or otherwise print disabled. The objective of the Treaty is to improve access to books and other publications in formats such as braille, large print text and audio books for visually impaired persons worldwide and permit cross-border exchange of such copies between the EU and third countries that are parties to the Marrakesh Treaty. The Directive and the Regulation were formally adopted by the European Parliament and the Council in September 2017. On 17th December 2017, the Department commenced a public consultation on the transposition of the Directive into Irish law. The deadline for the transposition of the Directive into Irish law is the 11th October 2018. The Regulation will automatically enter into force after 12 months from the date of publication.
- During 2017 the Department was engaged in analysing the proposals and negotiating in the EU Council Working Party on the European Commission proposal for a Directive on Copyright in the Digital Single Market (COM(2016) 593 final). The proposed Directive is intended to harmonise copyright exceptions in the areas of research, education and cultural preservation and will improve the position of rightholders to negotiate and to be remunerated for the exploitation of their content online. The Department is actively engaged with stakeholders on an ongoing basis to inform Ireland’s negotiating position on the various proposals in the Directive.

## Primary legislation implemented in the area of Intellectual Property

No new copyright legislation was implemented in 2017.

## Knowledge Development Box (Certification of Inventions) Act 2017

The Knowledge Development Box (Certification of Inventions) Act 2017 came into effect on the 19th May 2017. This legislation was introduced in response to the knowledge development box (KDB) tax relief measures introduced in the Finance Act 2015 which provide for a lower rate of corporation tax on profits arising from intellectual property assets resulting from research and development.

The KDB provides for a 6.25% rate of corporation tax payable on such profits arising and applies to three types of Intellectual Property Assets: long term patents, copyrighted software and inventions that are novel, non-obvious and useful. This latter category is specifically targeted at small companies with certain limits on profits and turnover.

Under the Knowledge Development Box (Certification of Inventions) Act 2017 small and medium enterprises can apply to the Controller of Patents, Designs and Trade Marks for a KDB Certificate. This Certificate will form part of the eligibility criteria set out in the KDB tax legislation for SMEs wishing to avail of the lower rate of corporation tax.

The legislation also amends the Patent Act 1992 to allow for substantive examination of long term patents ensuring these patents meet the criteria to qualify for KDB.

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

Several Statutory Instruments were required to support the implementation of the Knowledge Development Box (Certification of Inventions) Act 2017 namely:

- SI No. 204 of 2017 - Knowledge Development Box (Certification of Inventions) Act 2017 (Commencement) Order 2017 - appoints the 19<sup>th</sup> May 2017, as the date on which the Act came into effect.
- SI No. 205 of 2017 - Patents, Trade Marks and Designs (Fees) (Amendment) Rules 2017, outlines the required fees when requesting a search report and written opinion under Section 29 of the Patents Act 1992, and also the fees for requesting a search report under Section 66 of the Patents Act 1992.
- SI No 206 of 2017 - Patent (Amendment) Rules 2017 - amends the Patent Rules 1992 outlining procedural changes to the patent process following the re-introduction of substantive examination of Irish patent applications. It also provides for third party observations to the Controller in relation to the patentability of applications.

No new trade marks legislation was published in 2017.

### **Standardisation**

In 2017 NSAI engaged in new standardisation work in key emerging areas including Robotics, Additive Manufacturing and Blockchain.



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

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

### Employment Rights

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

As well as the public consultation on this Programme for Government commitment, the Department engaged in a detailed dialogue process with ICTU and IBEC to assist in developing and refining a policy response. The Government approved the priority drafting of legislative proposals dealing with this Programme for Government commitment on 2<sup>nd</sup> May 2017.

Following the transfer of functions in September 2017 policy responsibility for this legislative proposal transferred to the Minister for Employment Affairs and Social Protection. The Employment (Miscellaneous Provisions) Bill 2017 was published on 7<sup>th</sup> December 2017.

### The Low Pay Commission

The Low Pay Commission, established through the National Minimum Wage (Low Pay Commission) Act 2015, submitted its third report in July 2017.

Its recommendation to increase the minimum wage to €9.55 per hour was accepted by Government to come into effect from January 1<sup>st</sup> 2018.

Following the Government decision to transfer certain functions relating to employment rights, responsibility for the Low Pay Commission transferred to the Department of Employment Affairs and Social Protection with effect from 1<sup>st</sup> September 2017.

### Duffy-Cahill Report/Clerys investigation

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

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

The Company Law Review Group was also asked to review company law aspects. This was with a view to recommending ways company law could be potentially amended to ensure better safeguards for employees and unsecured creditors. The Company Law Review Group (CLRG) reported to the Minister in June, 2017. On 13<sup>th</sup> July 2017, the Tánaiste and Minister for Enterprise and Innovation, Frances Fitzgerald TD, published the *Report of the Company Law Review Group on the Protection of Employees and Unsecured Creditors*. Work is ongoing to develop a policy or legislative response, as appropriate, to the complex issues involved.

In relation to the employment law aspects of the Duffy-Cahill Report, following the transfer of responsibility for employment rights and policy to the Department of Employment Affairs and Social Protection on 1<sup>st</sup> September, 2017 it will be for that Department to pursue any amendments in the area of employment law.

Separately, authorised officers of the Minister from the Workplace Relations Commission (WRC) sought information from a number of parties in relation to the collective redundancies that took place in the trading company which was the employer of the staff of Clerys when it closed. The work of the authorised officers relates to the application of the Protection of Employment Act 1977 to the collective redundancies in question. A legal challenge was taken by two of the parties. The High Court ruled in favour of the WRC on 25 October 2016. An appeal was lodged and the matter is awaiting a hearing before the Court of Appeal.

### **Code of Practice on Longer Working**

A new Code of Practice on Longer Working was signed into law by Minister Breen in December 2017. The Code, facilitated by the Workplace Relations Commission, was developed in consultation with the social partners, IBEC and ICTU, as well as the Department of Public Expenditure and Reform and the Human Rights and Equality Commission.

The development of the Code arose from a Report recommendation from an Inter-departmental Group established in 2016 to consider policy around retirement age in both the public and private sectors.

The Code sets out guidance and best practice for employers, employees and their representatives to follow during the engagement between employers and employees in the run up to retirement. It also considers the issue of responding to requests to work beyond the current retirement age in the employment concerned.

This development comes about in the positive context of people living longer and healthier lives. The Code will support employers and employees in the private sector in reaching mutually beneficial arrangements around retirement ages.

### **Employment Permits**

The State's employment permits system supports Ireland as an investment location by enabling enterprises to access required talent from overseas. Its broad purpose is to supplement in the medium term Ireland's skills supply by allowing these enterprises to recruit non-European Economic Area (EEA) nationals where those nationals have specific skills or expertise which cannot be sourced within the EEA and where such recruitment may benefit the State's economic or social development. The trends in the numbers of employment permit applications received in 2017 reflected the continuing strong growth in economic activity.

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

During 2017, the Employment Permits Regulations were consolidated for ease of use. Changes to the lists to adjust for current skills needs following the scheduled review process were incorporated into this consolidation.

The bi-annual reviews of the lists which were conducted in 2017 were undertaken in an increasingly complex environment. As the State approaches full employment, labour demand is growing, and this has affected the nature of the demand placed on the economic migration system. In the light of these changing circumstances, the Minister has requested officials to undertake a review of the overall orientation of the economic migration system to ensure that it remains both relevant and appropriately responsive to developments in the labour market.

In addition, a Remuneration Review, examining the minimum annual remuneration thresholds for employment permits was conducted in 2017. This review will feed into the planned over-arching review of the employment permits system which is to take place in the first half of 2018.

In support of the Department’s objective to improve service to businesses, the Employment Permits Online System (EPOS), which was launched in September 2016, was firmly established during 2017 as a preferred method of submitting applications for employment permits. It provides an intuitive, user friendly facility to submit online permit applications, supporting documents and secure online fee payment service. The system has supported faster turnaround of applications by removing the requirement for applicants to fill out application forms by hand and reducing errors and rejected applications. Currently, over 95% of employment permit applications received are being submitted online.

Further service enhancements are planned to make additional associated application forms available for submission online. Work is underway to allow requests for reviews of refusal decisions and requests for Stamp 4 support letters to be submitted online.

From 2015 to 2017, demand for employment permits has risen by almost 48%. The number of applications for employment permits during 2017 increased by 17% compared to 2016. The total number of employment permits that issued in 2017 was 11,354, up 21% on 2016.

The success of the employment permits system in responding to emerging skill shortages and delivering enhanced administrative efficiencies during 2017 is evident in the following statistics:

- processed 21% more employment permits compared to 2016;
- 37% of all employment permits issued in 2017 were in respect of Critical Skills Employment Permits, the employment permit designed to target skills shortages;
- 30% of employment permits issued were to ICT professionals.

Year	Applications Accepted	Total Issued	Total Refused	Total Withdrawn	Awaiting processing
<b>2017</b>	<b>13,333</b>	<b>11,354</b>	<b>1,516</b>	<b>320</b>	<b>1,300</b>
<b>2016</b>	11,317	9,383	1,651	207	1,238
<b>2015</b>	9,021	7,265	906	167	1,134

Note re table: Previous annual reports included the number of applications received rather than applications accepted. The ‘applications received’ figure included applications that were later rejected as being incomplete. EPOS has largely eliminated the instances of incomplete applications so the table above uses the more accurate heading of “Applications Accepted”.

### Workplace Relations Commission (WRC)

The Workplace Relations Commission (WRC)’s core services include the provision of early resolution, mediation, conciliation, facilitation and advisory services, adjudication on employment and equality complaints.

The Commission monitors employment conditions to secure compliance with and enforcement of employment rights legislation and builds awareness of employment rights and obligations. The Commission also processes applications from employment agencies as well as licences under legislation regulating the protection of young persons in employment.

In 2017, the WRC received 14,001 specific complaints relating to employment and equality legislation. In that year, the Commission also reduced significantly the legacy adjudication caseload of employment rights and equality complaints inherited on establishment on 1 October 2015. At the end of 2017 this reduced to just under 300 cases.

During the year, the Commission demonstrated strong performance processing 92% of complaints to the Adjudication services in less than 6 months. The Commission handled 24% additional hearings in 2017 over 2016 levels. The Inspection service undertook a total of 4,747 workplace inspections resulting in €1.77 million in unpaid wages recovered during 2017. The Conciliation Service chaired some 2,200 conciliation conferences and facilitations in relation to collective disputes during 2017. The Mediation Service dealt with just under 600 telephone and face-to-face mediations while the Advisory Service initiated interventions in just under 70 new case referrals throughout 2017.

In June 2017, the Sligo Regional Services Office of the WRC was launched providing the full range of WRC's services including conciliation, mediation, adjudication and inspection. This was the first step in the WRC extending its full range of services across all of its regional offices to ensure that the same services provided in Dublin are available across the country. It is anticipated that Cork will be next with Shannon and Carlow offices to follow in due course.

## **Labour Court**

Since the enactment of the Workplace Relations Act 2015, the Labour Court is now the single appellate body dealing with all appeals under employment rights legislation. This is in addition to its original role as the Court of last resort in industrial relations dispute resolution. In 2017 the Labour Court received 1,093 referrals, representing a 2.5% decrease on the number of referrals (1121) received in 2016. The average timescale for scheduling hearings of the Labour Court in Dublin in 2017 was 13 weeks from the date of appeal or referral. Outside of Dublin it was 16 weeks from date of appeal or referral in 2017.

## **Sectoral Employment Orders (SEO)**

On 19 October 2017 Minister Pat Breen T.D. made the first Sectoral Employment Order (SEO) under the new legislative framework put in place by the Industrial Relations (Amendment) Act 2015. This Ministerial Order fixes the statutory minimum pay, pension and sick pay entitlements for craftsmen, construction operatives and apprentices employed in the construction sector.

The Order gave legal effect to the terms of a Labour Court recommendation which the Minister accepted in July 2017. The revised terms and conditions for the construction sector took effect from the date of signature of the Order i.e. 19 October 2017 and apply to almost 50,000 workers in that sector.

The Minister also received a recommendation from the Labour Court on 20th December 2017 for an SEO for the Mechanical Engineering Building Services Contracting Sector. The Minister accepted that recommendation and gave it legal effect by Ministerial Order on 6th March 2018. The terms of the Order apply to 10,000 skilled workers in the sector including plumbers, pipefitters and welders.

## **Employment Regulation Orders (EROs)**

Minister Breen signed an Employment Regulation Order (ERO) for the Security Industry on 30th May 2017. The Order applies to security operatives employed by a security firm to provide a security service for contract clients of that firm. It provides for pay increases on 1st June 2017, 1st June 2018 and 1st June 2019. The Order also provides for other terms of employment including sick pay in the sector.

## Working Group on Industrial Relations Structures for An Garda Síochána

In September 2017, Government considered the Report on Industrial Relations Structures for An Garda Síochána. The Report represented the completion of Phase I of the work of the group which was established to oversee this process and to advise Government in relation to the legislative and other changes that might be required. Representation on the group The Working Group was convened under an independent chair, Mr John Murphy, formerly Secretary General of this Department and comprised representation from relevant Government Departments, Garda management and the Workplace Relations Commission.

At the same time, the Government approved the heads of the Industrial Relations (Amendment) Bill 2018. The Bill is intended to amend Industrial Relations legislation to allow access to the services of the Workplace Relations Commission (WRC) and the Labour Court for the Garda representative associations.

Phase II of the work of the group commenced in November 2017 and involves working closely with relevant Departments, Garda management, Garda representative bodies and the WRC/Labour Court to put in place appropriate internal dispute settlement arrangements within An Garda Síochána in advance of providing access to the Industrial Relations institutions of the State. The group will also consider resource implications arising as a result of giving the Garda associations access to the services of the WRC and the Labour Court.

The Bill amending Industrial Relations legislation is being drafted as part of the phase II work with of the group with a view to publication of the Bill in the first part of 2018 and enactment by year end.

## Industrial Relations Environment

There was a decrease in the number of days lost to industrial disputes in 2017 compared with the figures for 2016.

- There were 50,191 days lost to strike action in 2017, whereas there were 71,647 days lost in 2016.
- Disputes at Bus Eireann and Irish Rail accounted for 37,915 of the days lost in 2017.
- Action by Crane Drivers and the dispute at TESCO accounted for the bulk of the remaining days lost.

## Safety, Health and Chemicals Policy

The Safety, Health and Chemicals Policy Unit (SHCPU) acts as a liaison mechanism between the Department and the Health and Safety Authority (HSA) and is responsible, in consultation with the HSA, for formulating and developing policy at national, EU and international levels in relation to occupational safety and health and the manufacture and use of chemicals by Irish industry.

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

The principal aim of occupational safety and health and chemicals regulation policy is to support the embedding of occupational safety and health as an integral part of doing business in every Irish workplace and ensuring the existence of an environment that both protects workers' safety and health, supports competitiveness and ensures that the chemicals manufactured and used as a vital component of Irish industry, do not impact negatively on human health or the environment.

A key role of the Safety, Health and chemicals Policy Unit is to ensure that the HSA is adequately equipped from a legislative, staffing and financial perspective to enable it to fulfil its statutory functions in respect of Occupational Safety and Health, Chemicals Regulation, Market Surveillance and Accreditation as well as ensuring that the HSA complies with the range of governance standards applicable to State Agencies including Government policy on staffing and budgetary matters.

## Chemicals Regulatory Regime

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

The REACH and CLP Helpdesks, operated by the HSA since 2007, continued in 2017 to focus major efforts on advising and supporting industry. The HSA worked to ensure that registrants are well prepared and supported in the run up to the 31 May 2018 EU REACH Regulation registration deadline.

The HSA, with the consent of Minister Breen, amended its Code of Practice for the Safety, Health and Welfare at Work (Biological Agents) Regulations 2013 (S.I. No. 572 of 2013). This was primarily done to change the classification of the Zika virus from a Group 3 biological agent to a Group 2 biological agent.

In 2017 the Department and the HSA worked very closely together to maximise the support provided by the HSA to Irish companies to assist them in complying with existing Chemicals regulatory obligations.

In addition, both the Department and the HSA began work on identifying issues of concern in relation to the regulation and use of chemicals by Irish industry arising from Brexit.

## Accreditation Services

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

The Irish National Accreditation Board (INAB), the national body which has responsibility for the accreditation of laboratories, certification bodies and inspection bodies, is now a fully integrated part of the HSA.

In 2017 INAB delivered an ongoing programme of accreditation to industry and bedded down its new client relationship management system while developing a new pricing structure to reflect the costs of delivering its various accreditation services.

INAB saw an increased level of interest in using its services from UK notified bodies due to Brexit. The Department worked closely with INAB throughout 2017 in relation to identifying the challenges and opportunities presented by Brexit and to put in place formal mechanisms to deal with applications from Notified Bodies wishing to relocate from the UK to Ireland.

In addition, the Department secured additional resources for INAB in 2017 to assist it in fulfilling its role – in 2018 INAB will also assume the role of the national accreditation body in relation to the General Data Protection Regulation (GDPR).

## Construction Sector

The Department is a member of the **Construction Safety Partnership Advisory Committee (CSPAC)** which acts as a consultative and advisory forum to the Board of the HSA, identifies and prioritises key issues related to improving safety and health in the construction sector and develops a national action programme to promote and coordinate actions of the relevant representative organisations. Other members of the CSPAC are drawn from the HSA, Construction Industry Federation, Irish Congress of Trade Unions, Local Government Management Agency, construction industry related professional bodies and occupational safety and health representative bodies.

The Department is also a member of **the SOLAS Stakeholder Oversight Group** which has been set up by SOLAS (Further Education and Training Authority) to undertake a review of the operation and future of training, certification and assessment schemes in the Construction sector.

## Farming Sector

Farming remains the sector with the highest rate of accidents and fatalities. Bearing this in mind Minister Pat Breen T.D. in association with his colleague the Minister for Agriculture, Food and the Marine Michael Creed TD, hosted a round table discussion involving all the main stakeholders in the agricultural sector including representatives from the farming representative organisations, agricultural contractors, training providers, insurance companies, veterinary groups as well as State organisations and other farm safety advocacy groups. All participants were asked to follow-up with proposals on targeted national actions that could be taken. This work will be built upon in 2018.

## Healthy Workplace Framework Sub Group

This is a joint Department of Health and Department of Business, Enterprise and Innovation initiative taking place under the Healthy Ireland Programme. Healthy Ireland is the National Framework to improve the health and well-being of the population of Ireland. The focus of the Workplace Sub Group is to develop a **Healthy Workplace Framework** which can be used as a practical resource for all workplaces.

Under the auspices of the Sub Group a comprehensive consultation process was undertaken across a range of private and public sector organisations in 2017. The views gathered through the consultation process, including the online survey and the evidence from research being conducted, are being used to inform the content of the final Framework.

In addition to participating in the Sub Group the Department provided seed support funding towards the establishment of a Post Graduate Course on Workplace Wellbeing with National University of Ireland Galway.

## Connecting for Life National Cross-Sectoral Group

This Group is led by the Department of Health. Connecting for Life is the national strategy to reduce suicide from 2015-2020. Membership of the Group is drawn from a wide range of Government Departments including the Department of Business, Enterprise and Innovation and Agencies such as the HSA, HSE, TUSLA, National Office for Suicide Prevention as well as a range of other organisations involved in the promotion of positive mental health.

The Group is overseeing the roll-out of commitments relevant to the responsibilities of Group members as set out in the Connecting for Life Implementation Plan. This Department has identified a number of workplace related initiatives to reduce work related stress etc. as part of the overall Connecting for Life plan.

## **Workplace Safety and Health – BeSMART Initiative**

BeSMART is the HSA's free online tool designed to help small business owners/managers to prepare risk assessments and safety statements for their workplace. 2017 figures show that uptake of the BeSMART tool continues to grow. In 2017 almost 8,500 additional users accessed BeSMART. This tool, now available to over 270 business types, aids compliance and saves time and money for businesses in meeting their legal obligations under the Safety, Health and Welfare at Work Act 2005.

In 2017, the Department worked with the HSA in the hosting of a Mutual Learning Programme (MLP) which involved a high-level delegation from the European Commission and other EU Member States. The aim of the event was to facilitate and encourage mutual learning opportunities between EU Member States. BeSMART was the focus of the event and allowed the HSA to demonstrate how it helps small business owners/managers to prepare risk assessments and safety statements which can in turn reduce the chances of an accident occurring in a workplace and ultimately save time and money for businesses. See [www.besmart.ie](http://www.besmart.ie) for more detail.

## **Workplace accidents and fatalities**

In 2017, the number of workplace deaths reported to the Health and Safety Authority (HSA), rose from 46 in 2016 to 47 but was below the 56 fatalities in 2015. As with 2016, the highest number of fatalities occurred in the high-risk sector of agriculture (24) with an additional 3 reported workplace fatalities in 2017. Construction saw a small decrease to 6 reported workplace fatalities in 2017, from 9 in 2016.

As in previous years, and in line with its risk-based approach to resource allocation, the HSA directed its inspection activity towards these high-risk sectors. This was done in addition to targeted national safety information and promotion campaigns in both high-risk sectors on foot of additional funding made available to the Health and Safety Authority during 2017.



## **Goal 6: Ensuring a High Performance Legal and Regulatory Framework for Business and Consumers**

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

### **Company Law, Competition and Consumer Protection**

During 2017, we built on work previously done on the successful development of a stable, transparent and modernised company law framework in Ireland. We continued to develop and shape responses to new and emerging challenges in company law, competition and consumer policy at EU and national level. A key focus is working in collaboration with stakeholders, the Department's offices and agencies and other Government Departments to achieve the best outcomes in line with our high level goal.

#### **Proposal for a Directive on consumer contracts for the supply of digital content**

A proposal for a Directive on consumer contracts for the supply of digital content was published on 9 December 2015. The proposal aims to contribute to the proper functioning of the Internal Market while providing for a high level of consumer protection by laying down certain requirements on matters such as the conformity of digital content with the contract and the remedies available to consumers in the case of a lack of conformity of, or a failure to supply, digital content. Agreement was reached at the June 2016 Justice and Home Affairs Council on certain basic principles of the proposal and on some political guidelines for future work on it. Following intensive discussions on the proposal in the first half of 2017, the Maltese Presidency submitted a text of the proposal for a general approach to the Justice and Home Affairs Council on 8-9 June 2017. The Council approved the general approach, although statements from a number of delegations expressed reservations about the text were entered into the Council minutes. On 21 November 2017, the European Parliament voted on the draft report on the proposal from the IMCO and JURI committees. Trilogue meetings on the proposal were held between the Estonian Presidency, the European Commission and the European Parliament on 5 and 12 December 2017 and will resume in 2018 under the Bulgarian Presidency.

#### **Proposal for a Directive on consumer contracts for the online and other distance sales of goods**

A proposal for a Directive on online and other distance sales of goods was published on 9 December 2015 along with the proposal for a Directive on contracts for the supply of digital content. The proposal aims to contribute to the proper functioning of the Internal Market while providing for a high level of consumer protection by laying down certain requirements for online and distance sales contracts on matters such as the conformity of goods with the contract and the remedies available to consumers in the case of a lack of conformity. While the Commission's intention was that the digital content and sales proposals would be discussed in tandem, a majority of Member States took the view that rules for the online sale of goods should not be considered separately from the general rules on the sale of goods in the existing Consumer Sales Directive (Directive 1999/44/EC) which were being assessed as part of the REFIT fitness check review of a number of consumer protection Directives that commenced in January 2016 and was completed in May 2017. The review endorsed the need for a single set of rules for online and offline sales, a conclusion supported by Member States in the Working Party. While the Commission favoured amending the scope provision of the

online sales proposal in Council so as to extend it to all consumer sales contracts, a majority of Member States favoured instead the submission of a new legislative proposal and impact assessment. The Commission published an amended proposal covering all consumer sales contracts on 31 October 2017. Apart from the extension of its scope to all consumer sales contracts, it was similar in substance to the original online sales proposal. The Commission also published a working document on the impacts of fully harmonised rules on consumer sales contracts to supplement the impact assessment prepared for the online sales proposal. The amended proposal was circulated to national parliaments in early November for subsidiarity and proportionality checks. Working party meetings on the amended proposal took place on 27 November and 19-20 December 2017 and will continue in 2018.

### **Proposal for a Regulation on cooperation between national authorities responsible for the enforcement of consumer protection laws**

Currently, the Consumer Protection Cooperation Regulation (EC) 2006/2004 (CPC Regulation) harmonises the cooperation framework between national competent authorities in the Member States of the European Union with regards to their enforcement actions. This CPC Regulation covers a range of 18 EU Directives and Regulations concerning the Union consumer and marketing law acquis. The EU Commission has completed a review of the CPC Regulation and, as part of its Digital Single Market initiative, it issued a proposal for a revised Regulation in May 2016. The general objective of the proposal is to develop modern, efficient and effective CPC mechanisms that will reduce the consumer detriment caused by cross border and widespread infringements to Union consumer law. This includes in particular reducing situations where important cross border and widespread infringements are not detected or sufficiently addressed through the CPC framework and ensuring that consumer protection authorities reach similar outcomes regarding the same malpractices.

The Regulation (as agreed by the European Parliament, EU Council and EU Commission) was published in the Official Journal on December 27, 2017. Member States have 2 years, from the publishing date, within which to implement the Regulation.

### **Proposal for a Regulation on addressing geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment**

The general objective of this proposal is to give customers (both consumers and businesses) better access to goods and services in the Single Market by preventing direct and indirect discrimination by traders artificially segmenting the market based on customers' residence (termed "geo-blocking"). Customers experience such differences in treatment when purchasing online, but also when travelling to other Member States to buy goods or services. The proposal defines specific situations when there can be no justified reason for geo-blocking or other forms of discrimination based on nationality, residence or location. The proposal also bans the blocking of access to websites and the use of automatic re-routing without the customer's prior consent. While traders remain free to accept whatever payment means they specify, the proposal includes a specific provision on non-discrimination within those payment means. Transactions where goods or services are purchased by a business for resale will, however, be excluded in order to allow traders to set up their distribution systems in compliance with European competition law. The proposal does not oblige traders to sell to a customer.

Agreement was reached at a trilogue between the Estonian Presidency, the European Commission and the European Parliament on 21 November 2017. The Regulation will be applicable nine months after its publication in the EU Official Journal (which occurred on 2 March 2018).

## **Proposal for a Directive to empower competition authorities of the Member States to be more effective enforcers**

On 22 March 2017, the EU Commission published a proposal for a Directive to empower the competition authorities of the Member States to be more effective enforcers and to ensure the proper functioning of the internal market. The stated aims of the proposed Directive are to ensure that national competition authorities have effective investigation, decision-making and enforcement tools; are able to impose effective deterrent fines; have a well-designed leniency programme in place which facilitates applying for leniency in multiple jurisdictions; and have sufficient resources and can enforce the EU competition rules independently. Negotiations on the proposal commenced at the Council Working Group on Competition in mid-2017 and continue into 2018.

## **Public Consultation on Ticket Resale**

The (then) Minister for Jobs, Enterprise and Innovation, Mary Mitchell O'Connor T.D., published a consultation paper on the resale of tickets for entertainment and sporting events on 20 January 2017 along with the Minister for Transport, Tourism and Sport and the (then) Minister of State for Tourism and Sport. The 24 responses to the consultation from sporting bodies, event promoters, consumer bodies, primary ticketing services providers, secondary ticket marketplaces public representatives and others were published on the Department's website on 9 May 2017. Departmental officials subsequently held follow-up discussion with the main stakeholders with a view to assessing possible options aimed at helping to ensure that ticket markets would work better for consumers. Officials also engaged with authorities in EU and EFTA Member States with legislation on ticket resale with a view to assessing the experience with, and effectiveness of, such legislation.

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

The Bill commenced its passage through the Houses of the Oireachtas in 2017 completing Committee Stage in Dáil Eireann in June 2017. Consideration of it will resume in 2018.

## **Competition (Amendment) Act 2017**

The Competition (Amendment) Bill 2016 was enacted on 7 June 2017 and came into effect on 7 September 2017. This had originated as a Labour party Private Member's Bill. The Act grants three categories of self-employed workers (voice-over actors, freelance journalists and session musicians) an exemption from section 4 of the Competition Act 2002 which, effectively, allows them to collectively bargain. The Act also sets out an application process for any recognised Trade Union to apply to the Minister for Business, Enterprise and Innovation for an exemption from the Act for other self-employed workers subject to certain conditions being met.

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

The Company Law Review Group (CLRG) is an expert advisory group charged with advising the Minister on company law matters. The work programme of the CLRG 2016-2018 was determined by the Minister in consultation with the CLRG. The work of the CLRG is proceeding through plenary sessions and 9 sub-committees. The secretariat is provided by the Company Law Development and EU Unit.

The CLRG completed a number of items on its work programme in 2017:

- The provisions of the Companies Act 2014 relating to shares and share capital were reviewed by the Shares and Share Capital subcommittee and the resulting report (The Recommendations of the Company Law Review Group relating to Shares and Share Capital in the Companies Act 2014) was adopted by the CLRG.

- The Report of the Company Law Review Group on Protections for Employees and Unsecured Creditors was adopted at the CLRG Plenary meeting on 13<sup>th</sup> June. Proposals for legislative change are recommended in the Report which, while not representing a panacea, could potentially address some of the difficulties experienced by employees and unsecured creditors in situations of company insolvency, while improving transparency and accountability.
- The provisions of the Companies Act 2014 relating to corporate governance were reviewed by the Corporate Governance subcommittee and the resulting report (The Recommendations of the Company Law Review Group relating to Corporate Governance in the Companies Act 2014) adopted by the CLRG at Plenary on 30 November. This report fulfils a commitment given in the suite of measures announced by the Government aimed at enhancing corporate governance, increasing transparency and strengthening Ireland's response to White Collar Crime.

CLRG reports are submitted to the Minister and the reports are published on [www.clrg.org](http://www.clrg.org). The Department is considering the reports of the CLRG and will make recommendations to the Minister on the policy or legislative response, as appropriate.

The CLRG is conducting a review on the enforcement of company law which is being progressed by the CLRG Compliance and Enforcement subcommittee. There is a strong focus on insolvency in the CLRG Work Programme 2016-2018 and consideration of these matters is ongoing. The Corporate Insolvency subcommittee met to consider the current EU proposal for a Directive on insolvency (second chance proceedings) as well as consideration of the UNCITRAL Model Law on Cross-Border Insolvency.

### **Enactment of the Companies (Accounting) Act 2017**

The Companies (Accounting) Act 2017 transposes EU Directive 2013/34/EU into Irish law. It increases the thresholds for companies to qualify as small sized companies, simplifies the financial reporting for small companies and introduces a new category of company known as micro company. For those micro companies, the financial reporting obligations are reduced. The Act also introduces new reporting requirements for companies active in extractive industries and obliges some unlimited companies, funds and investment companies to file financial statements publicly.

### **Enactment of the Companies (Amendment) Act 2017**

The Companies (Amendment) Act 2017 extends the duration of an exemption for particular companies from having to prepare two sets of financial statements, based on the same financial information but according to two different accounting standards, US GAAP and IFRS. The Act extends the facility to 31 December 2030.

### **The Companies (Statutory Audits) Bill 2017**

The Companies (Statutory Audits) Bill 2017 was published on 6 November 2017. The Bill gives further effect to EU rules that were first transposed in 2016 by means of S.I. No. 312 of 2016. In particular, it avails of options that were not available in the context of secondary legislation and introduces some practical changes to the conduct of oversight of audit in Ireland. The Bill is one of the Department's actions in the Government's package of Measures to enhance Ireland's corporate, economic and regulatory framework. It completed Second Stage in the Dáil on 24 January, 2018 and consideration of it will continue during the year.

## Review of the Industrial and Provident Acts

As part of a review of the Industrial and Provident Societies Acts 1893 to 2014 with the aim of further supporting Cooperatives in Ireland, the Department held a public consultation on the proposed legislative reform between 1 November 2016 and 31 January 2017. Replies received on foot of that consultation are being considered. The purpose of the review is to consolidate and modernise all existing legislation to ensure an effective cooperative legislative framework suitable for the diverse range of businesses operating the cooperative model in Ireland.

## Cost of Insurance Working Group

The Cost of Insurance Working Group, under the chairmanship of the then Minister for Financial Services, was established in late July 2016 by the Department of Finance to review the factors influencing the increased cost of motor insurance with a view to identifying immediate and longer term measures to address these increasing costs. Officials from the Department of Business, Enterprise and Innovation and from the Personal Injuries Assessment Board (PIAB) participated in the Cost of Insurance Working Group. The Cost of Insurance Working Group Report on the Cost of Motor Insurance was published in early January 2017. The Report makes a number of key recommendations including the establishment of a Personal Injuries Commission under the remit of the Minister for Business, Enterprise and Innovation.

Following publication of the Cost of Insurance Working Group's Motor Insurance Report, the Working Group considered the issue of employer and public liability insurance and produced a report. The Cost of Insurance Working Group Report on the Cost of Employer and Public Liability Insurance was published in early January 2018. In parallel with participation in the Working Group, the Department progressed the implementation of a number of recommendations for which it has lead responsibility from the Working Group's Cost of Motor Insurance Report.

## Personal Injuries Assessment Board

The Personal Injuries Assessment Board was established in 2003 to benefit both consumers and business, through the speedier settlement of personal injury claims and the reduction of costs associated with litigation. Following ten years of operation a consultation process was held in 2014 in relation to the operation of the Personal Injuries and Assessment Board Acts and the submissions received were examined. In June 2017, the Government approved the General Scheme of the Personal Injuries Assessment Board (Amendment) Bill 2018. The Department is working with the Office of the Parliamentary Counsel on the drafting of the Bill.

The aim of the Bill is to further enhance the role of the Personal Injuries Assessment Board within the personal injuries claims environment to the benefit of consumers, insurers, business and society more generally by achieving its goal of speedier, better and more cost efficient settlement of personal injury claims. The proposed legislation will also have regard to relevant recommendations in the Cost of Insurance Working Group Report on Motor Insurance.

## Personal Injuries Commission

The establishment of the Personal Injuries Commission was one of the key recommendations in the Cost of Insurance Working Group Report on the Cost of Motor Insurance. The Personal Injuries Commission, chaired by Justice Nicholas Kearns, was established in January 2017. The Commission published its first report on the 7th December 2017 and makes a number of recommendations on the adoption of a standardised and internationally recognised approach to the diagnosis, treatment and reporting of soft tissue injuries by practitioners who are appropriately competent and trained. Work is progressing on the second phase of the Commission's work, which will focus on benchmarking of Irish motor insurance personal injury awards with those in other jurisdictions.

## **Taking Care of Business**

The Business Regulation Unit, in conjunction with the Health and Safety Authority, held a Taking Care of Business event in Dublin Castle in November 2017 at which nearly 500 members of the business community – including SMEs, start-ups and entrepreneurs – could engage face to face with 30 state agencies, offices and services to get advice and find out what help is available. The event was also supported by a number of private-sector representative bodies. Almost 2,500 people have attended the series of these events around the country since 2013.

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

## **Facilitating Regulated Trade**

The Department seeks to promote and grow exports while at the same time ensuring that Ireland is fully compliant with its international obligations as a member of the UN and the EU to support global arms control, non-proliferation of weapons of mass destruction and human rights. The Department operates a trade licensing and control regime in accordance with national and EU legislation. This regime is an important component of the business regulation framework for companies trading internationally from Ireland. A credible and efficient regime helps provide Ireland with a competitive advantage in the global market.

The Department represents Ireland at EU and other international fora with responsibility for trade controls and actively contributes to the updating of relevant legislation, both national and EU.

The Department administered approximately 700 export licences (total value in excess of €3 billion) in 2017 for Dual Use goods (goods which have a civil use but may also have a military application) and Military goods. The Department also implements UN and EU arms embargoes and trade sanctions and enacted 22 new Statutory Instruments to give effect to these controls.

The Department implements EU licensing requirements in respect of iron and steel imports from third countries. In 2017, 1,100 such licences were issued.

The Department publishes statistics on licences issued on its website every six months. A more comprehensive and detailed report on licensing activity is published annually.

## **Construction Contracts Act, 2013 – Regulation of Payments under Construction Contracts and Statutory Entitlement to Adjudication**

The Construction Contracts Act, 2013 came into force for certain construction contracts entered into after the 25th July 2016 (S.I. No. 165 of 2016). The parties to a relevant construction contract must conform to the terms of the legislation and there is no opt out provision. Certain contracts are exempt and these include: a contract of less than €10,000 in value; a Public Private Partnership contract; a contract of employment; and a contract for a dwelling of less than 200 square metres where one of the parties occupies or intends to occupy it.

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

During 2017, the Chairperson of the Construction Contracts Adjudication Panel, Dr. Nael G. Bunni, made the first appointment under the Act of an Adjudicator from the Ministerial appointed Panel of Adjudicators to a payment dispute.

Dr. Bunni submitted his Annual Report on the first year experience of the operation of the legislation to Minister of State Pat Breen T.D., in August 2017. The Report indicates a very low incidence of payment disputes resulting in adjudication in the Act's first year in operation. It points to the present circumstances of significant growth within the construction sector as a factor in the low level of payment disputes in evidence at present.

### **National Metrology**

The demand for calibration services remained steady for 2017, with just over 4,500 calibration certificates being issued during the year.

### **Legal Metrology**

In 2017 legal metrology inspectors visited 3,550 premises and inspected 14,752 instruments. While a high level of industry compliance is evident, 852 warnings for non-compliance were issued. One prosecution was taken against a Donegal based fish processor, which resulted in a fine of €45,000 and a six-month suspended prison sentence being handed down.

### **Medical Devices Certification**

NSAI continued to develop its services to the highest international standard and received initial 'Authorization' in June 2017 as a Medical Device Single Audit Program (MDSAP) Auditing Organization (AO). NSAI's primary objective is to ensure that Irish industry retains access to NSAI an internationally recognised certification body for placement of medical devices on the European and international markets.

## Goal 7: Investing in our Staff and Optimising our Resources

*Invest in and support our staff to further enhance individual and collective capacity, ensure high standards of corporate governance and optimise all our resources to deliver our Strategy, Mission and Goals*

During 2017, the HR unit continued to enhance our capacity to deliver through our people, through active participation in the Civil Service Renewal Plan and through our internal New Ways of Working initiative.

### Civil Service Renewal

A series of Staff Engagement Fora were held for each grade to better understand the issues impacting on their engagement following the results of the Civil Service Employee Engagement Survey, 2015. From this process, a feedback report was produced and an Action Plan developed. The Action Plan sets out specific initiatives that aim to address the issues raised. The Action Plan will be driven by five New Ways of Working Sub-Groups that were established according to the main themes arising from the feedback.

The Department participated in the Civil Service Excellence and Innovation Awards and, while none of the Department's nominees won awards, four projects were shortlisted. These were the:

- Health Innovation Hub Ireland;
- Company Director Restriction & Disqualification Undertakings programme;
- CRO Company Conversion Project;
- Workplace Relations Reform Programme.

In relation to the Civil Service Employee Engagement Survey 2017, the Department's response rate increased to 64% from 46%. The results are being analysed and actions will be initiated in 2018 to respond to the findings.

### New Ways of Working

The New Ways of Working Steering Group continued to be a focal point for staff engagement and pursued its own work programme for the year. The group progressed projects within five subgroups looking at:

1. mobility and career development;
2. reward and recognition;
3. skills;
4. communication;
5. Innovative Work Practices.

Greater e-working was rolled out with ePQ's, e-Submissions and direct access devices.

### People and Capability

Amidst a very challenging and fluid labour market, the Department worked closely with the Public Appointments Service (PAS) and training providers to both recruit staff to fill critical vacancies and to develop and strengthen our workforce. There are a significant number of staff working in new assignments due to the level of churn in the Civil Service and labour market in general. The Department is working to manage this through its Workforce Planning process.



The Department undertook a series of engagements across its Divisions and Offices to capture an up-to-date understanding of the strategic priorities and the requirements these placed on the workforce. On foot of this engagement, a three-year Workforce Plan (2017-2019) was developed which will both inform central bodies on DBEI requirements and also target HR interventions and supports to close skills gaps and strengthen our workforce, according to our specific demographics.

## Internal Audit

Based on internationally accepted standards adopted by the Civil Service by the Department of Public Expenditure and Reform in 2012, the Internal Audit Unit functions provided assurance to the Secretary General and advice regarding the Department's financial and other internal processes and procedures during 2017.

## Using technology to seek efficiencies and improve customer service

The Department completed initiatives to enhance efficiency by adopting centrally shared services for a number of applications which are common across Government, including its payroll and travel and subsistence management systems. It also made significant changes to the technologies which it uses in order to maximise further developments in shared systems and services.

New systems were also introduced to maximise the potential of collaborative and mobile working. While no major new customer facing systems were introduced during the year, incremental improvements were made to existing services. A new on-line service was put in place to streamline oversight of the Regional Action Plan for Jobs programme which made it easier for regional representatives to make returns to the Department.

## Corporate Governance

**Governance Framework, April 2016** <https://dbei.gov.ie/en/Publications/Governance-Framework.html>

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

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

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

The Department's Statement of Strategy covers the period 2016-2019.

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

**Freedom of Information (FOI)** <https://dbei.gov.ie/en/Who-We-Are/Corporate-Information/>

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

The Department's FOI Publication Scheme was published in April 2016 in accordance with Section 8 of the Freedom of Information Act 2014. The Scheme sets out information, under 6 headings, to assist members of the public in their understanding of the Department and its functions. In 2017 the Department received 260 Freedom of Information (FOI) requests and these were processed in accordance with the provisions of the Freedom of Information Act 2014

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

In accordance with the Protected Disclosures Act 2014, the Department has a policy in respect of Protected Disclosures in place for staff. As required under Section 22 of the Protected Disclosures Act 2014, an annual report setting out the number of protected disclosures received and the action taken is available on the Department's website within 6 months of year end.

**Regulation of Lobbying Act, 2015** <https://dbei.gov.ie/en/Who-We-Are/Corporate-Information/Regulation-of-Lobbying-Act-2015/Regulation-of-Lobbying-Act-2015.html>

The Lobbying Act is designed to provide information to the public about who is lobbying whom about what. A list of DBEI's Designated Public Officials under this Act is published on our website.

**Prompt Payment of Accounts Act, 1997** <https://dbei.gov.ie/en/What-We-Do/Supports-for-SMEs/Late-Payments/Prompt-Payment>Returns/>

DBEI publishes on its website quarterly payment performance reports for both the Department and for the bodies under its aegis.

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

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

**Workplace Relations Commission** <https://www.workplacerelements.ie/en/>

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

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

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

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

## **National Women and Girl's Strategy**

[http://www.justice.ie/en/JELR/Pages/National Strategy for Women and Girls 2017-2020](http://www.justice.ie/en/JELR/Pages/National%20Strategy%20for%20Women%20and%20Girls%202017-2020)

DBEI is represented on the Strategic Committee of the National Women and Girls Strategy 2017-2020. It participates in the quarterly committee meetings and gathers and collates updates on Actions contained relevant to the Department. DBEI contributes to the common actions such as the development of in-house expertise in gender mainstreaming activities and considering gender impact in the development of new strategies.

DBEI also has specific actions under the strategy including the requirement to publicise and encourage participation by women in start-ups, support and publicise women specific entrepreneur awards and events through EI and the LEOs. The WRC are tasked with increasing awareness among employers and women of employment rights and redress mechanisms.

## **National Disability Inclusion Strategy** <http://justice.ie/en/JELR/Pages/WP15000115>

The National Disability Inclusion Strategy 2017-2021 was published during 2017. The Strategy takes a whole of Government approach to improving the lives of people with disabilities both in a practical sense, and also in creating the best possible opportunities for people with disabilities to fulfil their potential.

The Department is represented on and is progressing actions under both the National Disability Inclusion Strategy 2017-2021 and Comprehensive Employment Strategy for People with Disabilities 2015-2024.

In addition, DBEI participated on the Group led by Department of Employment Affairs and Social Protection that published the 'Make Work Pay Report, 2017'. This report identified and addressed the barriers that face individuals on disability as they seek to participate in (or return to) the workplace.

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

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

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

### **Other Relevant Legislation**

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

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

## Appendix 1

### Bills published or enacted in 2017

- Competition (Amendment) Act 2017
- Companies (Amendment) Bill 2017
- Companies (Statutory Audits) Bill 2017
- Companies (Accounting) Act 2017 No. 9 of 2017
- Companies (Amendment) Act 2017 No. 13 of 2017
- Legal Metrology (Measuring Instruments) Act 2017 was enacted on 28 November 2017

## Appendix 2

### Statutory instruments made in 2017

S.I. No. 5 of 2017	European Communities (Carriage of Dangerous Goods by Road and Use of Transportable Pressure Equipment) (Amendment) Regulations 2017
S.I. No. 6 of 2017	Jobs, Enterprise and Innovation (Delegation of Ministerial Functions) Order 2017
S.I. No. 43 of 2017	European Union (Actions for Damages for Infringements of Competition Law) Regulations 2017.
S.I. No. 67 of 2017	European Union (Third country auditors and audit entities equivalence, transitional period and fees) (Amendment) Regulations 2017.
S.I. No. 68 of 2017	European Union (Adequacy of competent authorities of certain third countries regarding transfer of relevant audit papers) Regulations 2017.
S.I. No. 69 of 2017	European Communities (Electromagnetic Compatibilities) Regulations 2017.
S.I. No. 75 of 2017	European Union (Restrictive Measures Concerning Iran) Regulations 2017
S.I. No. 90 of 2017	European Union (Restrictive Measures Concerning the Democratic Republic of the Congo) Regulations 2017
S.I. No. 91 of 2017	European Union (Restrictive Measures Concerning Central African Republic) Regulations 2017
S.I. No. 92 of 2017	European Union (Restrictive Measures Concerning the Democratic People's Republic of Korea) Regulations 2017
S.I. No. 93 of 2017	European Union (Restrictive Measures Concerning Syria) Regulations 2017
S.I. No. 127 of 2017	Companies Act 2014 (Section 1313) Regulations 2017
S.I. No. 163 of 2017	Industrial and Provident Societies (Notice of Petition for Appointment of an Examiner to an Industrial and Provident Society) (Form) Regulations 2017
S.I. No. 164 of 2017	Industrial and Provident Societies (Notice of Petition for Appointment of an Examiner to an Industrial and Provident Society) (Fee) Regulations 2017

S.I. No. 176 of 2017	European Union (Safety of Toys) (Amendment) Regulations 2017
S.I. No. 230 of 2017	European Union (Equipment and Protective Systems for use in Potentially Explosive Atmospheres) Regulations 2017
S.I. No. 231 of 2017	Employment Regulation Order (Security Industry Joint Labour Committee) 2017
S.I. No. 232 of 2017	European Union (Lifts and Safety Components for Lifts) Regulations 2017
S.I. No. 233 of 2017	European Union (Pressure Equipment) Regulations 2017
S.I. No. 246 of 2017	Companies (Accounting) Act 2017 (Commencement) Order 2017
S.I. No. 250 of 2017	Companies (Accounting) Act 2017 (Commencement) (No. 2) Order 2017
S.I. No. 253 of 2017	European Union (Restrictive Measures Concerning Syria) (No 2) Regulations 2017
S.I. No. 254 of 2017	European Union (Restrictive Measures Concerning Central African Republic) (No 2) Regulations 2017
S.I. No. 255 of 2017	European Union (Restrictive Measures Concerning Iran) (No 2) Regulations 2017
S.I. No. 256 of 2017	European Union (Restrictive Measures Concerning the Democratic People's Republic of Korea) (No 2) Regulations 2017
S.I. No. 257 of 2017	European Union (Restrictive Measures Concerning the Republic of Guinea-Bissau) Regulations 2017
S.I. No. 258 of 2017	European Union (Restrictive Measures Concerning Tunisia) Regulations 2017
S.I. No. 259 of 2017	European Union (Restrictive Measures Concerning South Sudan) Regulations 2017
S.I. No. 260 of 2017	European Union (Restrictive Measures Concerning Sudan) Regulations 2017
S.I. No. 261 of 2017	European Union (Restrictive Measures Concerning Iran) (No 3) Regulations 2017
S.I. No. 262 of 2017	European Union (Restrictive Measures Concerning the Democratic Republic of the Congo) (No 2) Regulations 2017
S.I. No. 263 of 2017	European Union (Restrictive Measures Concerning Zimbabwe) Regulations 2017
S.I. No. 268 of 2017	European Communities (Intra-Community Transfers of Defence-Related Products) (Amendment) Regulations 2017
S.I. No. 282 of 2017	European Communities (Carriage of Dangerous Goods by Road and Use of Transportable Pressure Equipment) (Amendment) (No 2) Regulations 2017
S.I. No. 305 of 2017	Companies (Amendment) Act 2017 (Commencement) Order 2017
S.I. No. 360 of 2017	European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017

S.I. No. 361 of 2017	Labour Affairs and Labour Law (Transfer of Departmental Administration and Ministerial Functions) Order 2017
S.I. No. 362 of 2017	Job, Enterprise and Innovation (Delegation of Ministerial Functions) (No. 2) Order 2017
S.I. No. 363 of 2017	Job, Enterprise and Innovation (Delegation of Ministerial Functions) (No. 3) Order 2017
S.I. No. 364 of 2017	Jobs, Enterprise and Innovation (Alteration of Name of Department and Title of Minister) Order 2017
S.I. No. 455 of 2017	Sectoral Employment Order (Construction Sector) 2017
S.I. No. 513 of 2017	European Union (Restrictive Measures Concerning Central African Republic) (No 3) Regulations 2017
S.I. No. 514 of 2017	European Union (Restrictive Measures Concerning the Democratic Republic of the Congo) Regulations 2017
S.I. No. 515 of 2017	European Union (Restrictive Measures Concerning Iran) (No 4) Regulations 2017
S.I. No. 516 of 2017	European Union (Restrictive Measures Concerning Syria) (No 3) Regulations 2017
S.I. No. 518 of 2017	European Union (Restrictive Measures Concerning the Democratic People's Republic of Korea) (No 3) Regulations 2017
S.I. No. 555 of 2017	European Communities (Carriage of Dangerous Goods by Road and Use of Transportable Pressure Equipment) (Amendment) (No 3) Regulations 2017
S.I. No. 567 of 2017	European Communities (Aerosol Dispensers) (Amendment) Regulations 2017
S.I. No. 569 of 2017	Business, Enterprise and Innovation (Delegation of Ministerial Functions) Order 2017
S.I. No. 570 of 2017	Business, Enterprise and Innovation (Delegation of Ministerial Functions) (No. 2) Order 2017
S.I. No. 578 of 2017	European Union (Safety of Toys) (Amendment) (No. 2) Regulations 2017
S.I. No. 600 of 2017	Industrial Relations Act 1990 (Code of Practice on Longer Working) (Declaration) Order 2017



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