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**An Bille um Fhorbairt Tionscail (Leasú), 2019**  
**Industrial Development (Amendment) Bill 2019**

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*Meabhrán Míitheach agus Airgeadais*  
*Explanatory and Financial Memorandum*

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**AN BILLE UM FHORBAIRT TIONSCAIL (LEASÚ), 2019  
INDUSTRIAL DEVELOPMENT (AMENDMENT) BILL 2019**

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**EXPLANATORY AND FINANCIAL MEMORANDUM**

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**Introduction**

The provisions of Part 3 of the Withdrawal of the United Kingdom from the European Union (Consequential Provisions) Act 2019 are set out in this Bill. The provisions are related to the granting of lending powers to Enterprise Ireland and other provisions related to support for research, development and innovation (RDI) in several critical sectors. As that Part of the Act has not been commenced, it was deemed appropriate to introduce those provisions in a standalone Bill to further support the enterprise base to remain competitive on the global market through the support of Enterprise Ireland, thus limiting the negative effects Brexit could have. These provisions of the Bill were discussed during the passage of the Withdrawal of the United Kingdom from the European Union (Consequential Provisions) Act 2019. The Bill also includes technical amendments to increase the aggregate limit for funding to the enterprise development agencies and to increase the aggregate limit on grants made to Microfinance Ireland.

**Section 1 – Amendment of Industrial Development Act 1986**

*Section 1* aims to give Enterprise Ireland the powers to offer enhanced support to companies involved in research and development. This Section will allow Enterprise Ireland to fund R&D in the horticulture sector and to partly fund R&D undertaken outside of Ireland by Irish based companies. The amendments remove the 50% cap set in national legislation on the R&D grant rate to allow Enterprise Ireland fund within permissible EU State Aid rules and allows Enterprise Ireland pre-fund R&D grants to companies of all sizes. Allowing Enterprise Ireland the flexibility to offer enhanced RD&I supports will allow the development of new or substantially improved products, services or processes and will allow businesses to grow and increase employment by remaining competitive.

**Section 2 – Amendment of Industrial Development Act 1993**

*Section 2* increases the aggregate capital funding that can be provided to IDA Ireland, Enterprise Ireland and Science Foundation Ireland from €7 billion to €14 billion. Primary legislation currently sets a statutory limit of €7 billion on the aggregate capital funding that can be provided to these Agencies since 1993. As the combined cumulative totals being prepared for the Agencies annual financial statements, as of end 2018 was €6.543 billion, it is timely to increase the limit for the total capital amounts that the Minister is empowered to provide to these Agencies.

### **Section 3 – Amendment to Industrial Development (Enterprise Ireland) Act 1998**

*Section 3* aims to permit Enterprise Ireland to lend, participate in certain types of follow-on investments and provides that Government approval is required for investment amounts or loans in excess of €7.5 million for any client. Providing Enterprise Ireland with the powers to facilitate additional lending/investment instruments in certain circumstances, increases the flexibility to support enterprise development and to manage its investments on a par with private sector investors. Such additional powers will help to preserve the value of the State's investments in these businesses and will assist companies through restructuring or re-development programmes.

### **Section 4 – Amendment of the Microenterprise Loan Fund Act 2012**

*Section 4* provides for a technical amendment to Section 5(2) of the Microenterprise Loan Fund Act, 2012. Section 5 currently caps the equity that Microfinance Ireland (MFI) can receive at €25 million (providing for a grant of €10 million under Section 5(1) and a further €15 million under Section 5(2)). The amendment to Section 5(2) of the Act will increase this funding by €10 million (from €15 million to €25 million) to a total of €35 million. This will provide a further €10 million to enable MFI to provide increased lending in the event of a disorderly Brexit.

### **Section 5 – Repeal**

*Section 5* provides for the repeal of Part 3 of the Withdrawal of the United Kingdom from the European Union (Consequential Provisions) Act 2019.

### **Section 6 – Short title, collective citation and commencement**

*Section 6* provides for the short title, collective citation and construction of the Bill. It also provides for the Minister for Business, Enterprise and Innovation to commence the Bill, or sections of the Bill, as appropriate.

### **Financial Implications**

There are no additional costs to the Exchequer regarding the R&D grants, providing lending investment instruments or increasing the statutory limit on aggregate capital funding that the Minister can provide to IDA Ireland, Enterprise Ireland and Science Foundation Ireland. Any costs arising will be accommodated within the agencies' existing resources in the context of the annual estimates process.

The cost to the Exchequer of increasing the aggregate amount of grants that the Minister can give to Microfinance Ireland is estimated at approximately €10 million and is contingent on a hard Brexit.

*Deireadh Fomhair, 2019.*