

BRIEFING PAPER

IDA Ireland Annual Report and Accounts 2013

Introduction

IDA Ireland, the Irish Government agency responsible for attracting Foreign Direct Investment (FDI) reported a buoyant year in 2013 and this continued in 2014 with a growing number of new greenfield investments, expansions and transformations by existing companies. At the end of 2013, the IDA client base in Ireland was 167,357 jobs in 1,192 companies and increased to 174,488 jobs in 1,195 companies at the end of 2014, the highest level in the history of IDA Ireland. Multinational companies account for almost 10% of total employment in Ireland.

IDA has worked closely with the Minister for Jobs, Enterprise and Innovation, the Department of Jobs, Enterprise and Innovation, Department of An Taoiseach, Department of Finance, Department of Foreign Affairs and other Government Departments, Ministers and sister agencies achieving substantial FDI benefits for the Irish economy.

IDA's Horizon 2020 Strategy / Update for 2013 and 2014

IDA has now exceeded the jobs and investment targets set under its Horizon 2020 strategy. The strategy set five high level goals with a key focus on achieving a net increase in total employment of 25,000. For the five years of the strategy, IDA has achieved a net increase in employment of 28,242, against a target of 25,000 (48,011 including indirect employment).

The job performance took place against a particular challenging European economic environment and changing corporate taxation landscape. Total employment including indirect employment is estimated to be 296,630 jobs. IDA is currently finalising a new five year strategy to take the organisation into a new phase of development.

There were 164 investments won in 2013 and 197 investments won in 2014, an increase of 20% over 2013. There was a notable rise in new name investment, with 88 new name investors in 2014, equating to a 13 % increase on 2013.

Among the leading investments secured during 2013 were Deutsche Bank, Twitter, EMC, eBay, Salesforce, Novartis, Vistakon, Facebook, Zurich, Symantec, De Puy, Yahoo, Sanofi and Indeed.com. First time investments were secured from corporations across the portfolio including from Qualcomm, Airbnb, Tripadvisor, Regeneron, Huwaei, Fireye, Grifols, Alexion and Acorn Direct Marketing.

Among the leading investments secured during 2014 were Amazon, Bristol Myers, Squibb, Fidelity, LinkedIn, Survey Monkey, Air BnB, Paypal, Ericsson, SAP, Johnson & Johnson, West Pharmaceuticals, Zendesk, Adroll and New Relic. There were job gains across most sectors but particularly in digital media/content, ICT, international financial services, life services and business services.

In 2013 IDA Ireland had sole responsibility for 4 of the actions in the Action Plan for Jobs, and joint responsibility for 15 of the actions, all of which have been completed. The progress report for the

2014 Action Plan for Jobs is due to be published shortly where IDA had sole responsibility for 11 actions and joint responsibility for 23 actions. IDA has sole responsibility for 8 of the actions in the 2015 Action Plan for Jobs and joint responsibility for 25 of the actions.

Regional Focus

Horizon 2020 set an ambitious regional economic development targets for the dispersal of investments in regions outside Dublin and Cork. While these have been challenging, 2014 saw a much improved year for regional dispersal with 37% of investments going to outside Dublin and Cork, the best performance since the current strategy got underway and up on the 30% recorded in the previous year.

In 2013 there were announcements from Regeneron, Cook, Vistakon and ACI in Limerick. There was also eBay and National Pen in Dundalk and Overstock in Sligo, amongst others.

In 2014 there were announcements from Jazz Pharmaceuticals in Roscommon, Beckton Dickinson in Drogheda, West and Nuvasive in Waterford, Teleflex in Athlone and Clearstream Technologies in Enniscorthy.

Property / Construction Impact

IDA estimates that for every 10 jobs generated by FDI, another seven are generated in the wider economy. A particularly strong economic contribution is generated from FDI investments for the property and construction sectors, which have faced unprecedented challenges over recent years.

It is estimated that approximately 10,000 people are currently employed on construction projects underway with IDA client companies, providing a considerable economic boost to the sector and wider economy.

This secondary economic impact is of vital importance, as it provides an overall balance to the contribution FDI makes to the wider economy. Local communities and sub-contracting firms are particular beneficiaries of this activity.

Corporation Tax

Ireland's corporation tax offering was enhanced during 2014 with changes introduced as part of Budget 2015. These changes position the country to sustain, and win, inward investment in the years ahead and further strengthen what Ireland can offer overseas investors.

Firstly, Budget 2015 reaffirmed the commitment to the 12.5% Corporation Tax Rate, while also dealing with the issue of our corporate tax residency rules. The changes to the Irish corporate tax residency rules provided that all Irish registered companies will also be Irish tax resident with effect from 1 January 2015 for new companies and from 1 January 2021 for existing companies.

It also announced the publication of a Road Map for Ireland's Tax Competitiveness which aims to position Ireland towards maintaining the most competitive taxation offering that conforms with good practice. In conjunction with the non-tax measures set out in the Government's recent "Policy Statement of Foreign Direct Investment in Ireland", this Road Map will provide the foundations for Ireland to maintain and expand its position as a thriving hub for FDI. IDA welcomed new measures

including a new “best in class” knowledge development box, a broadening of the R&D tax credit and an improved Special Assignee Relief Programme (SARP). The Department of Finance (DOF) public consultation process was launched in mid-January 2015 to gather views on how the proposed Knowledge Development Box should operate. IDA has commenced engagement with clients on the recently announced public consultations to ensure maximum constructive input from the FDI sector.

Revised Revenue R&D Tax Credit Guidelines were published on 16th January 2015. There have been a number of positive changes in the revised guidelines.

2013 Annual Accounts

IDA Ireland’s Annual Report and Accounts for 2013 were signed off by the Comptroller and Auditor General on 24 June 2014. The total Oireachtas funding available to IDA Ireland in 2013 was €126.36m. A total of €87.951m grants were paid to IDA Ireland clients in 2013.

IDA Ireland had an Employment Control Framework number of 272 staff in 2013 and remained within this ceiling throughout the year.

During 2013, IDA managed the integration of functions from Forfás and the Integration of Shannon FDI portfolio :

Transfer of responsibilities from Forfás

On 19 December 2013 The Industrial Development (Forfás) Dissolution Bill was published and was enacted in quarter 3 of 2014. The Bill made provision for the dissolution of Forfás and for (i) the establishment of IDA Ireland as a separate employer, (ii) IDA to establish a superannuation scheme (iii) IDA’s own staff becoming members of the scheme and (iv) IDA accounting for the associated Pension Liabilities under FRS 17. The Department of Jobs, Enterprise and Innovation will have legal responsibility for the existing Pension Schemes, pensioners and former staff with preserved benefits.

Forfás assigned the leases of Wilton Park House, Knockmaun House and Carrisbrook House to IDA and 12 staff were also transferred to manage the operations of the buildings.

Transfer of responsibilities from Shannon Development

On 27 November 2013 the remit of IDA was extended to include the Foreign Direct Investment client portfolio of Shannon Development, with the subsequent transfer of 4 staff.

Corporate Governance

IDA Ireland is autonomous statutory agency set up under the Industrial Development Acts 1986-2009. The agency acts in accordance with the Provisions of the Acts under the ageis of the Minister for Jobs, Enterprise and Innovation. IDA Ireland is also required to comply with a range of other statutory (national and EU) and administrative requirements. IDA Ireland affirms that it meets its obligations in regard to all of these requirements and that it fully complies with the Code of Practice for the Governance of State Bodies. IDA Ireland has an extensive internal audit programme in place, overseen by the Audit Committee of the IDA Board. IDA has a strong focus on the requirement for robust financial controls and has developed a strong culture of accountability across all levels of the organisation.

Conclusion

Performance in 2013 and 2014 proved to be very strong overall, especially in the context of continued global uncertainty and reflects a concerted effort across the organisation focused on business generation, delivery and client service. The employment results for 2013 and 2014 clearly highlight the keen focus that must be maintained on national competitiveness and the transformation process within client companies in the Irish economy in order to maintain and grow jobs in Ireland. The immediate pipeline is encouraging across a range of sectors and business models.