



**AN GHNÍOMHAIREACHT | INVESTMENT AND  
INFHEISTÍOCHTA AGUS FORBARTHA | DEVELOPMENT AGENCY**

TEACH PÁIRC WILTON	WILTON PARK HOUSE
PLÁS WILTON	WILTON PLACE
BAILE ÁTHA CLIATH 2 ÉIRE	DUBLIN 2 IRELAND
FÓN (01) 603 4000	TELEPHONE (01) 603 4000
LÍNE DHÍREACH (01) 603 4146	DIRECT TEL (01) 603 4146
RÍOMHPHOST martin.shanahan@ida.ie	EMAIL martin.shanahan@ida.ie
SUÍOMH GRÉASÁIN www.idaireland.com	WEBSITE www.idaireland.com

<b>MAIRTÍN D. Ó SEANACHÁIN</b>	<b>MARTIN D. SHANAHAN</b>
PRÍOMHOIFIGEACH FEIDHMIÚCHAÍN	CHIEF EXECUTIVE OFFICER

Margaret Falsey  
Committee Secretariat  
Committee of public Accounts  
Leinster house  
Kildare Street  
Dublin 2  
D02XR20

Ref: Letter dated 16<sup>th</sup> January, 2018

Dear Ms Falsey

Further to your letter of 16<sup>th</sup> January, 2018, I have set out below IDA Ireland's responses to the information you have sought.

The Department of Business, Enterprise and Innovation in conjunction with the Enterprise Agencies carries out an annual survey of employment (the Annual Employment Survey or AES) in client companies using a tried and tested methodology which has been developed since 1972. The survey provides valuable longitudinal employment data at a national, sectoral and regional level. The survey is used for both multinational and indigenous companies that are clients of IDA Ireland and Enterprise Ireland respectively.

The survey is sent to all live companies receiving support from the agencies now or in the past. It asks for information on the number of employees in:

- (i) Full time jobs with contracts of at least nine months duration; and
- (ii) Part-time, temporary, and short term contracts of employment

This survey's methodological approach is widely used across statistical agencies and government bodies, for example, the National Census of Population undertaken at five-year intervals uses a self-reporting methodology. The AES allows for self-reporting by companies. Outliers and anomalies are followed up on and the largest IDA clients are engaged with on a 1:1 basis to confirm the details provided. In my letter dated 4<sup>th</sup> December, 2017, we set out the details of the survey.

This straightforward methodology reduces the cost and overhead to the State (the Department of Business, Enterprise and Innovation), ensures a low administrative burden for the companies, and helps to maximise the response rate. The Department and IDA Ireland are keenly aware that the AES is just one of many surveys companies are asked to complete each

year, and unlike some surveys which are carried out by the Central Statistics Office (CSO), it is not compulsory for companies.

A more onerous methodology whereby companies are asked for records to back up their employment numbers, resulting in an increase in the administrative burden on companies and the State would risk a reduction in the response rate to the survey with little gain from a statistical perspective.

Again, it is important to note that the survey serves a different purpose to the significant checks and balances in place where State finances are expended in supporting companies to establish or to expand activity in Ireland.

In relation to the figures you have sought with regard to grant verification. The grant verification process is designed to ensure that monies expended by IDA Ireland in relation to specific company grants are verified. It would be impossible to recreate an overall annual census of employment from the records obtained from the grant verification process for the following reasons:

- In any given year only a proportion of companies receive grant payments,
- Grant approval, job creation and grant drawdown most often happen in different years,
- The jobs verification process relates only to jobs that were grant supported, and so non-grant aided jobs are not covered,
- Employment information is only required where companies are being paid an employment grant, in other cases (e.g. R&D or capital support) the verification process centres on expenditure and companies executing an agreed business plan.

Between 2014 and 2016 (last audited accounts) IDA Ireland paid out €278m in grants to client companies. In each of these cases an extensive level of oversight and verification took place. This process was outlined to you in my letter dated 4<sup>th</sup> December, 2017. However, these companies represent an average of just 10% of the total client base in a given year, and so a comprehensive estimation of total employment could not be made using this information. Within this, 95 clients received employment grant support of €53m. Figures from grant verifications show that 22,138 cumulative jobs were associated with the client companies involved. All of these jobs (100%) would have been the subject of an independent Accountants Report<sup>1</sup> and in addition 7,252 (33%) would have been the subject of a direct IDA Ireland verification also. It should also be noted that while Capital Grants and R&D grants have a positive impact on employment – they are not directly linked to employment, in line with State Aid Guidelines.

In conclusion, I note that since you wrote to me on the 16<sup>th</sup> January, 2018, the Public Accounts Committee in its first periodic report published on the 23<sup>rd</sup> January 2018 recommended that *“IDA review and improve the methodology used to verify the number of jobs created by its client companies. The Committee recommends that the IDA liaise with*

---

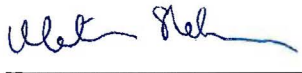
<sup>1</sup> Details of the Report issued in accordance with Miscellaneous Technical Statement M45 are set out in Attachment 2 of my letter dated 4<sup>th</sup> December.

*other data collection agencies to develop a more robust methodology for verifying the number of jobs, and reduces the current dependency on self-assessment.”*

The Annual Employment survey is undertaken by the Department of Business, Enterprise and Innovation, in conjunction with IDA and Enterprise Ireland. Consideration of changes to the survey methodology would need to measure the cost/benefit by balancing the survey burden on individual companies, the increased exchequer cost of additional verification, the response rate to what is a voluntary survey and the marginal precision gains for data that is used for overall longitudinal trend analysis.

Any proposals will have to be agreed by all parties.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Martin Shanahan', is written above a solid horizontal line.

Martin Shanahan