

Opening Statement

Joint Oireachtas Committee on Climate Action – 18th October 2018

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A Cathaoirleach, Deputies and Senators

Thank you for inviting me to appear before you today. I am joined by my colleagues from the Department of Business, Enterprise and Innovation, David Hegarty, Assistant Secretary, Marie Bourke, Principal Officer and Claire Pyke, Strategic Policy Division.

I am also joined by Professor Mark Ferguson, Director General, Science Foundation Ireland and Chief Scientific Adviser to the Government, Kieran Donoghue, Divisional Manager, IDA Ireland and Rowena Dwyer, Manager of the Policy, Planning and Government Relations Unit in Enterprise Ireland.

It is timely that I am meeting with you today, following last week's publication of the Intergovernmental Panel on Climate Change's '1.5 degree' report and much public discourse on Ireland's efforts to mitigate climate change. I am very much aware that climate change represents a significant challenge for our economy and society.

The enterprise sector– for which the Department of Business, Enterprise and Innovation has policy responsibility - was not identified specifically as one responsible for preparing sectoral adaptation plans under the National Adaptation Framework. Nonetheless, the Department and its agencies are playing their part in mitigating climate change, working with Irish enterprises.

In my opening statement I will set out the role of the Department particularly as regards our core enterprise and innovation policy responsibilities and how climate change is factored into these before briefly touching on some departmental and agency programmes and activities that seek to deliver on these.

Role of the Department of Business, Enterprise and Innovation

As per our Statement of Strategy, the Department's vision is to make Ireland the best place to succeed in business, delivering sustainable full employment and higher standards of living across all regions of the country.

Enterprise 2025 Renewed

In terms of enterprise policy, Enterprise 2025 Renewed, the Government's national enterprise strategy, recognises the effects of climate change and the imperative for sustainable development. The strategy recognises that enterprises and enterprise policy have key roles to play to support, develop and adopt innovative technologies, products and services that increase efficiencies, reduce waste and deliver sustainable development as world economies seek to transition to low carbon, bio and circular economies.

We know that the development of low carbon, bio- and circular economies presents commercial opportunities to companies across many sectors in Ireland, in addition to the desired environmental benefits.

The Future Jobs initiative

The Future Jobs initiative is being developed jointly by my Department and the Department of the Taoiseach and is expected to be launched early next year.

Future Jobs will emphasise building resilience through improving productivity especially among Irish SMEs; enhancing skills levels and increasing participation in the labour force; preparedness for, and exploitation of, anticipated transformational changes arising from technological developments and the transition to a low carbon and digital economy.

A motivator for the Future Jobs Initiative is that climate change is having a pervasive impact across all sectors and on how we do business. Increased consumer awareness of environmental issues, international agreements, regulation and industry responses are driving growth in the global clean technology sector. Future Jobs will take on board the fact that development of the Irish bioeconomy will require changes to our approach to production, consumption, processing, storage, recycling and disposal of biological resources.

Regional Development

Government policy is committed to ensuring balanced regional enterprise development and job creation. The Regional Action Plan for Jobs initiative – part of the wider Action Plans for Jobs process which this Department has led on since its inception in 2012 - is a central pillar of the Government's ambition to create 200,000 new jobs by 2020, 135,000 of which are outside of Dublin. A key objective is to have a further 10 to 15 per cent at work in each region by 2020, with the unemployment rate of each region within one percentage point of the national average.

We are well on the way to meeting this target. Progress across the regions has been very positive with an increase in employment of 146,400 people between Q1 2015 to Q2 2018 in the regions outside of Dublin and 240,600 additional jobs nationwide.

Of course, my Department also contributed to the development of the National Planning Framework which has a strong focus on the development of sustainable enterprises and aims to:

- Plan for and implement a better distribution of regional growth, in terms of jobs and prosperity;
- Enable people to live closer to where they work, moving away from the current unsustainable trends of increased commuting and ribbon development;
- Reverse rural decline and promote environmentally sustainable growth patterns;
- Plan for and implement a better distribution of regional growth, in terms of jobs and prosperity; and
- Introduce 'Place-making' to facilitate the creation of concentrated urban settlements, in which people can live and work in a vibrant environment, and public services can be efficiently provided.

Innovation 2020

Turning to Innovation Policy, Innovation 2020, Ireland's strategy for research and development, science and technology articulates Ireland's ambition to become a Global Innovation Leader. It contains a series of actions to promote research and innovation in areas such as:

- sustainable and efficient natural resource management

- the continued decarbonisation of the energy fuel mix, the development of indigenous energy supplies, and the move towards sustainability
- research for policy to develop integrated approaches to addressing the challenges that arise from climate change, air and water quality and other environmental issues
- the sustainable development of Ireland's marine sector.

Innovation 2020 included a commitment to review and refresh the fourteen research priority areas, first developed in 2012, which align the majority of competitively awarded public research funding with areas that deliver economic and societal impact.

This review of the priority areas was completed this year and the refreshed research priority areas now include:

- “Energy, Climate Action and Sustainability” including “Decarbonising the Energy System” and “Sustainable Living”.
- “Manufacturing and Materials” including “Advanced and Smart Manufacturing” and “Manufacturing and Novel Materials”.
- “Food” including “Smart and Sustainable Food Production and Processing”.

Public research funding is now prioritised in the fourteen revised research priority areas.

Disruptive Technologies Innovation Fund

My Department is spearheading the Government’s new €500 million Disruptive Technologies Innovation Fund. This is one of four funds under the National Development Plan 2018-2027. Applications under this fund must align with the aforementioned research priority areas.

This Fund is about doing something additional on top of existing innovation programmes and exploiting collaborative research to deliver new technologies and new solutions.

Climate Action Committee Representation

In addition to the core enterprise and innovation policies pursued by my Department that I have just outlined, the Department supports cross-government and cross-departmental efforts to mitigate climate change. We are represented on a number of climate-related groups and

interdepartmental committees such as the Climate Action High Level Steering Group (chaired by the Minister for Communications, Climate Action and Environment), the Senior Officials Group on Climate Action and Infrastructure and the Technical Research and Modelling Group (TRAM), where we present the enterprise perspective on issues for discussion.

Department of Business, Enterprise and Innovation's carbon footprint

It is also important to highlight that we are conscious of our own impact on the environment. I'm pleased to say that my Department is one of the leading performers under the "Public Sector Energy Efficiency Strategy". Over recent years, the Department has consolidated and downsized its physical footprint, moved into more energy efficient buildings and undertaken initiatives to reduce our own carbon footprint.

Department of Business, Enterprise and Innovation initiatives

Climate action is a focus of many of the Department's other initiatives.

We have developed a National Plan on Corporate Social Responsibility, 'Towards Responsible Business', encouraging companies to go beyond compliance and to consider their impact on the environment.

Under the Sustainable Development Goals National Implementation Plan, my Department is responsible for aspects of a number of the goals, including goals supporting 'Decent Work and Economic Growth', 'Industry, Innovation and Infrastructure' and 'Responsible Consumption and Production'.

My Department works with Enterprise Ireland to implement the Ecodesign regulations. These regulations require manufacturers to reduce the energy consumption of their products by establishing minimum energy efficiency standards.

The National Standards Authority, through its standards development work, is supporting actions to address climate change across a range of sectors such as marine energy, smart grids and renewables, the circular economy and environmental management systems.

Adaptation

Complementing initiatives that will support mitigation efforts, my Department is also looking at the need for enterprise to adapt to climate change. We have begun to review and update previous research on the implications, from an enterprise perspective, of climate change and adaptation and resilience issues for the enterprise sector.

Opportunities

We also realise that changes in climate can also bring opportunities as well as risks for Irish businesses. The Department has commenced a research project on the enterprise opportunities arising from the circular bioeconomy. The project will ensure that my Department's response to issues arising from the transition to a low carbon circular bioeconomy is informed by a clear evidence-based understanding of the potential enterprise opportunities.

This research is in addition to our focus on the benefits of a low carbon circular economy in our policy initiatives such as Enterprise 2025 Renewed, the Future Jobs Initiative and Innovation 2020.

Enterprise: Emissions Trading System and Energy Reduction Schemes

In addition to the initiatives being implemented by the Department, the enterprise sector continues to participate in emission reduction efforts with accompanying obligations to reduce emissions.

Emissions Trading System

Enterprise's main contribution to reducing greenhouse gas emissions is through the European Union Emissions Trading System which includes approximately one hundred installations of Ireland's largest energy users (food and drinks companies, power generation and cement), who account for more than 25 per cent of Ireland's emissions.

SEAI Energy Reduction Schemes

Two hundred of Ireland's largest energy users are members of Sustainable Energy Authority of Ireland's Large Industry Energy Network. These include DBEI agency-assisted clients in

the medical device, pharmaceuticals, food processing, drinks, and electronic sectors. Member companies of this Network employ 135,000 people throughout Ireland and spend more than €1.1bn on energy annually. Collectively they consume almost 20 per cent of total national primary energy use and over 50 per cent of total industrial energy use.

Estimated energy savings of over 10 per cent were achieved by network members in 2017 and over 300 projects were implemented covering a wide range of energy efficiency and renewable energy technologies.

A number of companies are availing of Sustainable Energy Authority of Ireland initiatives for SMEs, such as the “Lighting Support Scheme for SMEs” and the Excellence in Energy Efficient Design (EXEED). These programmes incorporate energy efficiency into design projects which offer increased levels of funding for SMEs.

Enterprises continue to avail of the Accelerated Capital Allowances scheme for Energy Efficient Equipment to assist them in their purchase of highly energy efficient equipment.

Role of IDA Ireland, Enterprise Ireland and Science Foundation Ireland

Can I now turn to the role and delivery of programmes by some agencies of the Department represented here today.

IDA Ireland

IDA Ireland’s main objective is to encourage investment into Ireland by foreign-owned companies.

My Department and the Government are committed to ensuring that IDA Ireland delivers a minimum increase in investment of 30% to 40% in each region outside of Dublin by the conclusion of its current strategy in 2019. At the end of 2017, 58 per cent of the 122,125 people employed in IDA supported companies are located outside of Dublin.

IDA’s Environmental Aid Programme assists client companies to implement major renewable energy or energy efficiency initiatives, or address other environmental issues such as waste reduction.

Enterprise Ireland

Enterprise Ireland is responsible for the development and growth of Irish enterprises in world markets.

At the end of 2017, 65 per cent of the 209,338 people employed in Enterprise Ireland supported companies are located outside of Dublin.

Enterprise Ireland supports companies to improve their environmental performance, drive environmental efficiencies and achieve improved sustainability. This assists them achieve competitive advantage through greater resource efficiency and greater market share through enhanced credentials.

Science Foundation Ireland

Science Foundation Ireland funds a number of large-scale research projects which are relevant to many of the recommendations outlined in the Citizen's Assembly report on how the State can make Ireland a Leader in Tackling Climate Change. Examples include the area of climate friendly agricultural practices, renewable energy sources and mitigation of climate change effect.

SFI, Enterprise Ireland and IDA Ireland all support companies and researchers in investigating the potential opportunities arising from the transition to a low carbon economy, including innovation in the area of green and clean manufacturing.

I have aimed today to outline how the Department of Business, Enterprise and Innovation incorporates climate action into policy making, how through our agencies we fund research related to climate change, directly assist enterprise in its endeavours to reduce emissions and how enterprise contributes to greenhouse gas emission reduction and energy efficiency initiatives.

Climate change mitigation and adaptation will remain at the centre of our policies in the coming years.

My colleagues and I will be happy to address any questions the Committee may have.