



Your Ref : S0649 PAC33

Mr. Sam Keenan

Committee Secretariat

Committee of Public Accounts,

Leinster House,

Dublin 2

17 December 2021

Dear Mr. Keenan,

I refer to my appearance before the Public Accounts Committee on the 18th November and your subsequent letter of the 3rd December setting out the detail of the further information that had been sought by the Members of the Committee.

I attach in the Appendix responses in relation to the information sought. The responses follow the sequence of the queries as set out in your letter. Whilst responses have been provided to the majority of the queries listed in your letter, in a number of instances it has not been possible to do so and explanations are provided in relation to these particular instances.

I hope the attached responses deal with all the outstanding queries raised by the Members of the Committee. Should you have any further queries please do not hesitate to contact me.

Yours sincerely,

Dr Orlaigh Quinn

Secretary General



An Roinn Fiontar,
Trádála agus Fostaíochta
Department of Enterprise,
Trade and Employment

Appendix to PAC, 18th Nov 21

Responses to issues raised by members of the Committee

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<p>1</p>	<p>The number of businesses, which received financial assistance from the Department’s restart grant schemes, that have ceased trading, including the number of businesses that ceased trading after receiving the initial restart grant but before the introduction of the restart grant plus scheme. (pg. 12-13)</p>	<p>The primary focus of the Restart Schemes was to provide financial support to commercial micro and small business with a ratable premises and that have experienced loss of turnover due to the Covid-19 restrictions and required assistance with the costs of reconnecting with the marketplace, reopening their business and re-employing staff. The grant was to provide further assistance in defraying ongoing fixed costs and meeting additional costs associated with businesses reopening and in doing so to support activity and employment across the economy. In this regard, whilst applicants to the Scheme were required to commit to remain open or reopen, it was not a condition that they had to do so. It is the case that business closures occur on an ongoing basis for many reasons. As regards the rates register, businesses that cease trading may be kept on the register after closure for audit, possible arrears, and other accounting purposes. In other instances, ratable premises can have a transfer of ownership when a new owner or lease is set up and, in those circumstances, it remains on the local authority file.</p> <p>Given that the impact of Covid continues, there is no real-time source to indicate if a business that received a grant, and which was not trading at the time of application, subsequently resumed operations, stayed open or indeed if it is now closed, whether related to Covid restrictions or otherwise.</p> <p>In terms of compliance with the terms of the Scheme, the local authorities did check that businesses were registered for commercial rates and verified their tax clearance status which provides some level of assurance that only legitimate businesses received the grant payment. The external audit of the Schemes which is currently underway will include spot checks to see if the criteria relating to the grant were complied with or if grants might have been fraudulently claimed. If the spot checks suggest that a significant number of recipients did not comply, the Department will conduct further analysis to determine the timing and reasons for closure.</p>
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Responses to members of the PAC

			It is also the case that on completion of the audit, the Department is committed to carry out an evaluation of the impacts of the Schemes. This evaluation will seek to evaluate the contribution of the grants towards preventing permanent business closure, preserving employment and thus supporting the public finances.
2	The monetary quantum and number of applications for the COVID-19 Credit Guarantee Scheme. (pg.16)		As of the 2 December 2021 there have been 10,393 loan applications with a value of €752million for the COVID-19 Credit Guarantee Scheme. There have been 8,615 loans drawn or approved to a value of €601 million and 1,045 loans to a value of €85 million declined by the credit departments of finance providers. The balance of remaining are loans still within the application process. These loans are being drawn from every county across the country with 72% outside of Dublin. Over fifty-seven thousand jobs have been maintained as a result of the Covid-19 Credit Guarantee Scheme.
3	The number of businesses approved for the COVID-19 Credit Guarantee Scheme, within a reasonable timeframe, in each of the following cases: <ul style="list-style-type: none"> • applications approved by both a bank and the SBCI, • applications approved by the SBCI that were not facilitated by a bank, and • applications approved by a credit union that were not facilitated by the SBCI or a bank. (pg. 16-17) 		<p>• applications approved by both a bank and the SBCI:</p> <p>The COVID-19 Credit Guarantee Scheme (CCGS) differs from other state backed loan schemes offered through the Strategic Banking Corporation of Ireland (SBCI) in that there is no separate eligibility application for a business. There is only one application made and the approvals are made by the finance provider's credit department only.</p> <p>• applications approved by the SBCI that were not facilitated by a bank:</p> <p>Applications for a loan under the COVID-19 Credit Guarantee Scheme (CCGS) CCGS are made directly to a participating finance provider, which includes 3 banks, 6 non-banks and 19 credit unions. There is no separate eligibility application for a business to the SBCI. Approvals are made by the individual finance provider's credit department only.</p> <p>• applications approved by a credit union that were not facilitated by the SBCI or a bank :</p> <p>19 credit unions are participating finance providers under the COVID-19 Credit Guarantee Scheme (CCGS). Applications are made directly to the participating credit union. The SBCI or other finance</p>

		<p>providers do not determine such an application’s success or otherwise. This is decided by credit department of the individual credit union only. As of the 2nd December, there have been 37 loans drawn or approved to a value of €2.7 million from these credit unions.</p> <p>The COVID-19 Credit Guarantee Scheme (CCGS) differs from other state backed loan schemes offered through the Strategic Banking Corporation of Ireland (SBCI) in that there is no separate eligibility application for a business. There is only one application made and the approvals are made by the finance provider’s credit department only. This is to facilitate quicker and more straightforward decisions on loan applications. An application for a loan under the CCGS only has to self-certify that the business has seen at least 15% drop in turnover due to the impact of Covid.</p> <p>Other schemes have required applicants to provide a business case to the SBCI to demonstrate the loan meets a specific criteria, innovation for example. The CCGS has removed this step in the process as the CCGS is a specific emergency measure to assist Small and Medium Enterprises (SMEs) with their liquidity needs.</p> <p>The application process has been simplified insofar as possible, with self-declarations being accepted for certain requirements:</p> <ul style="list-style-type: none"> ○ That turnover/potential turnover/and or profit has been/will be reduced by a minimum of 15% due to the impact of COVID 19 restrictions ○ The amount of the loan does not exceed certain eligibility criteria ○ The enterprise was not in financial difficulty prior to the impact of COVID-19 <p>Lending under the Scheme does require that the business is viable and will be in a position to repay the loan. The credit assessment department of lenders therefore require documentation and projections which will enable them to make this determination. The approval of loans under this Scheme is subject to the participating lenders’ own credit policies and procedures.</p> <p>Therefore, there were no applications to any finance provider approved by the SBCI. The guarantee is operated though a bilateral legal agreement between the Minister for Enterprise, Trade and</p>
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			<p>Employment and each finance provider. The SBCI provide operational assistance to both parties and collect data and premia on behalf of the Minister.</p> <p>The Scheme is currently available through three commercial banks, six non-bank lenders and nineteen credit unions. This long-term policy goal of diversification adds competition in the market and ensures a wide range of loan products are available throughout the regions.</p> <p>While the Government guarantee provides an 80% guarantee on lending, the remaining 20% of risk remains with the lender. The Department plays no role in the application or decision-making process in relation to loans offered under the COVID-19 Credit Guarantee Scheme, which, is fully delegated to the participating lenders.</p> <p>However, if an applicant feels that the loan application has been unreasonably declined, they can appeal the decision through the relevant lender’s internal appeals process. If that appeal is unsuccessful, they may wish to consider an independent review through the Credit Review Office.</p> <p>The scheme was developed under the terms of the European Commission’s Temporary Framework on State Aid and is available until 31 December 2021. The European Commission recently announced the extension of the Temporary Framework until 30 June 2022 and a legislative amendment to extend the Covid-19 Credit Guarantee Scheme has been included in the Social Welfare Bill 2021 which is currently under scrutiny by the Houses of the Oireachtas.</p>	
4	In relation to the businesses which availed of Microfinance Ireland loans between 2012 and 2021 that have ceased trading, a		Year	Number of businesses that failed in Year

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	breakdown by year of when these businesses ceased trading. (pg. 18-19)		2013	2	
			2014	17	
			2015	44	
			2016	83	
			2017	90	
			2018	66	
			2019	75	
			2020	52	
			2021 ytd.	45	
				474	
<p>Notes: When a business ceases trading MFI are not always made aware immediately, as there may be a break down in engagement for a period of time.</p> <ul style="list-style-type: none"> • Low numbers in '13 and '14 reflect a young loan book. • Lower numbers in '20 and 21 reflect Covid repayment breaks which may have kept some businesses open. Payment breaks ceased in Q3 2021. 					
5	A note outlining the Department's engagement with the Department		<p>Arising from a recommendation in the 2018 EGFSN report, in 2019 the Department of Transport established the Logistics and Supply Chain Skills Group to manage a coordinated response from the</p>		

<p>of Transport in order to identify and resolve delays in licensing requirements for HGV drivers. (pg. 19-20)</p>	<p>Logistics and Supply Chain Management sectors and promote their associated careers, skills development and sustainable employment.</p> <p>The membership of this group includes the Irish Road Haulage Association, the Chartered Institute for Logistics and Transport, Freight Transport Association of Ireland, IBEC Supply Chain Peer Network, I-PICS: The Supply Chain Management Institute, Irish Exporters Association and Irish International Freight Association. There is also representation from a number of Government Departments, including the Department of Enterprise Trade and Employment.</p> <p>The group is working towards five high level objectives:</p> <ol style="list-style-type: none"> 1. Improve alignment between curriculum and industry needs by establishing occupational profiles and explore the feasibility of developing educational and promotional tools for use in second level. 2. Build employment connections to close the skills gap and explore alternatives where skills shortfalls persist. 3. Encourage best practice amongst the sector by developing talent (new and existing). 4. Map existing facility and course provision to identify gaps/opportunities and improve industry awareness of skills provision. 5. Deliver a Careers Promotion Campaign to improve awareness and attractiveness of the Logistics and Supply Chain Sectors. <p>In supporting the establishment of such a group, which has now been in operation for two years, the EGFSN has helped bring some semblance of a unified approach to skills development in what is a very disparate sector, and recognition of the importance of the skills agenda on the part of the lead Government Department, the Department of Transport.</p> <p>That the skills group is now recognised as a key advisory resource for logistics policy was demonstrated recently, when Minister for International Logistics, Hildegard Naughton, requested that it advise and make recommendations on the HGV driver shortage- a longstanding issue exacerbated by Brexit- as a</p>
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			<p>matter of urgency. These recommendations would be aimed at ameliorating the supply issue, without undermining working conditions and the health and safety of drivers and other road users.</p> <p>The Skills Group has responded to the Ministerial request, making recommendations around the recruitment of non-EEA drivers, the recruitment of young drivers, the retention of existing drivers, improvements in education and training provision, and enhancements to the industry more generally.</p> <p>These recommendations are currently being collated by the Department of Transport and will shortly be refined and presented to Minister Naughton for action.</p>																	
6	A breakdown, by county, of the additional jobs created from 2019 to present as a result of Foreign Direct Investment. (pgs. 21 and 26)		<table border="1"> <thead> <tr> <th data-bbox="862 895 1086 970"></th> <th data-bbox="1086 895 1227 970">2019</th> <th data-bbox="1227 895 1361 970">2020</th> </tr> </thead> <tbody> <tr> <td data-bbox="862 970 1086 1045">Cavan</td> <td data-bbox="1086 970 1227 1045">53</td> <td data-bbox="1227 970 1361 1045">47</td> </tr> <tr> <td data-bbox="862 1045 1086 1120">Donegal</td> <td data-bbox="1086 1045 1227 1120">335</td> <td data-bbox="1227 1045 1361 1120">-67</td> </tr> <tr> <td data-bbox="862 1120 1086 1195">Leitrim</td> <td data-bbox="1086 1120 1227 1195">40</td> <td data-bbox="1227 1120 1361 1195">17</td> </tr> <tr> <td data-bbox="862 1195 1086 1270">Monaghan</td> <td data-bbox="1086 1195 1227 1270">4</td> <td data-bbox="1227 1195 1361 1270">6</td> </tr> </tbody> </table>				2019	2020	Cavan	53	47	Donegal	335	-67	Leitrim	40	17	Monaghan	4	6
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			Sligo	84	-74
			Dublin	9,532	4,898
			Kildare	46	561
			Louth	569	-137
			Meath	238	49
			Wicklow	-213	150
			Clare	182	-423
			Limerick	930	483
			Tipperary North	12	52
			Tipperary South	353	26
			Laois	8	16
			Longford	272	-51
			Offaly	-19	43

Responses to members of the PAC

			Westmeath	220	105
			Carlow	51	109
			Kilkenny	-67	44
			Waterford	-621	181
			Wexford	409	31
			Cork	1,738	2,215
			Kerry	-86	-18
			Galway	568	642
			Mayo	135	-13
			Roscommon	74	52
			Grand Total	14,847	8,944
7	A breakdown of the staff currently employed by the Office of the Director of Corporate Enforcement (ODCE), and the		As of the 9 th December, staff currently assigned to the ODCE number 34.7 whole-time equivalents, or 37 persons. The number of vacancies (other than new positions sanctioned for the CEA) is 5, (the overall rate would vary from time to time). There are currently 11 members seconded to ODCE by An Garda Síochána.		

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	vacancies in the Office at present. (pg. 23)										
8	Clarification as to which organisation will pay Gardaí seconded to the ODCE during their secondment period. (pg. 24)		It is envisaged that payment of salaries will continue to be made by An Garda Síochána as is currently the case. While currently, the funding is provided through the Justice Vote, the Department is exploring with the Department of Justice and the Dept of Public Expenditure and Reform, the funding arrangements for the cost of seconded Gardai, that should apply upon the establishment of the new Corporate Enforcement Authority								
9	The average cost of creating a job through a Local Enterprise Office. (pg. 25)		The average cost of creating a job through the Local Enterprise Offices is estimated to be €3,452. This estimation is based on the costs of grants paid (minus refunds) to LEO clients (whether they created jobs or not) divided by the number of jobs created by those clients. The estimation has been calculated over the 7-year period 2014-2020.								
	In relation to employee numbers at the Offices under the aegis of		<table border="1"> <thead> <tr> <th>Dept/Agency</th> <th>Vacancies</th> <th>Sick leave2019</th> <th>Sick Leave 2020</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Dept/Agency	Vacancies	Sick leave2019	Sick Leave 2020				
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10	<p>the Department, and its agencies, details on the following:</p> <ul style="list-style-type: none"> • The rate of vacancies in its Offices and agencies, and • The level of sick leave in the Offices and agencies in 2019 and 2020 (not related to COVID-19). (pg. 29-30) 				
			Posts	Percentage of working year lost	
		Department*	82	2.10%	3.40%
		IDA	35	3.51%	2.14%
		NSAI	18	3.38%	2.92%
		EI	74	3.05%	2.29%
		HSA	54	4.01%	2.54%
		CCPC	28	2.10%	1.41%
		PIAB	3	4.10%	2.90%
		IAASA	3	0.80%	0.10%
<p>*Inclusive of the CRO, IPOI, WRC Labour Court and ODCE * Sick Leave data does not include special leave due to COVID-19</p>					

11	<p>A note on the engagement and collaboration between the Department of Enterprise, Trade and Employment with other government Departments, including the Department of Agriculture, Food and the Marine; the Department of Health; and the Department of Transport, in relation to arranging employment permits for workers recruited from other jurisdictions. (pg. 33)</p>	<p>The employment permits system is managed through the operation of the Critical Skills Occupations List and the Ineligible Occupations List which determine employments that are either in high demand or are ineligible for consideration for an employment permit.</p> <p>Occupations included on the Critical Skills Occupations List include occupations in sectors such as IT, Finance and Medical, are highly skilled occupations which are experiencing labour or skill shortages in respect of qualifications, experience or skills and which are required for the proper functioning of the Irish economy. Occupations included on the Ineligible Occupations List are occupations in respect of which there is evidence that there are more than enough Irish/EEA workers available to fill such vacancies, and therefore an employment permit shall not be granted in Ireland.</p> <p>Every other job in the labour market, where an employer cannot find a worker, may be eligible for an employment permit. The employer must do a Labour Market Needs Test to see if there is anyone in the State/EEA who could fill the vacancy. If no-one suitable applies for the job, the employer is free to apply for an employment permit.</p> <p>Occupations may be added or removed from these lists on the basis of evidence demonstrating that recruitment difficulties are solely due to genuine shortages across the EEA and not to other factors such as salary and/or employment conditions. Sectors are also required to engage structurally with the public employment service of the Department of Social Protection.</p> <p>In order to maintain the relevance of these lists of occupations to the needs of the economy and to ensure the employment permits system is aligned with current labour market intelligence, these lists undergo twice yearly evidence-based reviews which are guided by available research undertaken by the Expert Group on Future Skills Needs (EGFSN), and the Skills and the Labour Market Research Unit (SLMRU) in SOLAS. Cognisance is also taken of education outputs, sectoral upskilling and training initiatives and contextual factors such as Brexit and COVID 19, and their impact on the labour market. The views of the relevant policy Departments are taken into account and as well as those of the Economic Migration Interdepartmental Group which this Department chairs and on which a number of Departments are represented. Additional Departments can be invited to the IDG if required.</p>
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		<p>Apart from the formal IDG structure referenced above, the Department of Enterprise Trade and Employment undertakes very regular contact with lead Departments through the discrete mechanisms in the course of the Reviews. The Review opens with a public consultation, and submissions are shared to the lead Department for their observations, views and guidance. Bilateral meetings are held with lead Departments where necessary to address issues raised in the public consultation or other issues related to the Review. The Subgroup of the Interdepartmental Group on Economic Migration meets to facilitate a collaborative approach across a range of Departments on the most challenging issues under consideration in the Review. Draft Reports of the Review are circulated to Departments for their input.</p> <p>Details of the membership of the Interdepartmental Group and the attendees at a sample meeting of the Subgroup are set out in the Table below</p> <table border="1" data-bbox="862 766 2060 1308"> <thead> <tr> <th data-bbox="862 766 1460 901">Subgroup of the Interdepartmental Working Group on Economic Migration Policy (Sample attendance of 2 Sept 2021)</th> <th data-bbox="1460 766 2060 901">The Interdepartmental Group on Economic Migration Policy</th> </tr> </thead> <tbody> <tr> <td data-bbox="862 901 1460 1308"> <ul style="list-style-type: none"> - Department of Enterprise, Trade and Employment - SOLAS - Department of Social Protection - Department of Further and Higher Education Research Innovation and Science - Department of Public Expenditure and Reform - Department of Education - Department of Justice </td> <td data-bbox="1460 901 2060 1308"> <ul style="list-style-type: none"> - Department of Enterprise, Trade and Employment - SOLAS - Department of Social Protection - Department of Further and Higher Education Research Innovation and Science - Department of Public Expenditure and Reform - Department of Justice - Department of Housing Local Government and Heritage </td> </tr> </tbody> </table>	Subgroup of the Interdepartmental Working Group on Economic Migration Policy (Sample attendance of 2 Sept 2021)	The Interdepartmental Group on Economic Migration Policy	<ul style="list-style-type: none"> - Department of Enterprise, Trade and Employment - SOLAS - Department of Social Protection - Department of Further and Higher Education Research Innovation and Science - Department of Public Expenditure and Reform - Department of Education - Department of Justice 	<ul style="list-style-type: none"> - Department of Enterprise, Trade and Employment - SOLAS - Department of Social Protection - Department of Further and Higher Education Research Innovation and Science - Department of Public Expenditure and Reform - Department of Justice - Department of Housing Local Government and Heritage
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				<ul style="list-style-type: none">- Department of Health- Department of Children, Equality, Disability, Integration and Youth- Department of Agriculture, Food & the Marine- Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media- Department of Transport	
				-	
			<p>Outside of the course of the Reviews the Department of Enterprise Trade and Employment maintains regular, often weekly, contact with the lead Departments for any sector experiencing recruitment challenges</p>		

12	<p>Details of the job retention rates for jobs created through support grants from the IDA and Enterprise Ireland broken down by year for the last five years, including the following:</p> <ul style="list-style-type: none"> • The percentage of jobs created that are still in place, and • The percentage of jobs that did not last more than one year, two years or three years. (pg. 33-34) 	<p>Insofar as IDA clients are concerned, taking the highest number employed in each company over the seven-year period 2014/2020, then 129,540 total jobs were created above the 5-year period 2009/2013. The number of these jobs that were sustained at the end of the seven-year period was 110,063 (or 85.0% of total jobs created). The number of jobs that weren't sustained over the seven-year period was 19,477 (or 15.0% of total jobs created).</p> <p>For Enterprise Ireland firms, again taking the highest number employed in each company over the seven-year period 2014/2020, then 101,539 total jobs were created above the 5-year period 2009/2013. The number of these jobs that were sustained at the end of the seven-year period was 80,862 (or 80.0% of total jobs created). The number of jobs that weren't sustained over the seven-year period was 20,677 (or 20.0% of total jobs created).</p> <p>(The "Sustained First-Time Jobs" for 2014 / 2020 are jobs created on a company-by-company basis over the peak employment level in the 5-year period 2009-2013 in grant-aided companies. Permanent full-time jobs and temporary and part time jobs are included in the calculations).</p>
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