

Opening Statement by Pauline Mulligan, Head of Corporate Services, Department of Business, Enterprise and Innovation to the Joint Committee on Enterprise, Trade and Employment in relation to its consideration of the “Measures to support enterprise contained in Budget 2021 on Wednesday the 21st October 2020

A Cathaoirleach,

I am pleased to be before the Committee to assist in your consideration of the measures to support enterprise contained in Budget 2021. I am accompanied by my colleague, Declan Hughes, Head of our Indigenous Enterprise, SMEs and Entrepreneurship Division. Due to Covid restrictions, Cathal O’ Gorman of the Department’s Finance Unit is joining the meeting to-day by video conference.

Firstly, to set out our overall funding and our capital and current ceilings in Expenditure Report 2021. Our gross allocation for 2021 is €1.127 billion, made up of €359.5 million in current and €768 million in capital. This is an increase of €155 million, almost 16%, on our Budget 2020 allocation of €972.5 million. Current for 2021 will increase by €19 million and Capital by €136 million.

This increase in our capital and current allocations builds on the significant additional funding the Department received this year to roll out much needed enterprise supports to help them respond to Covid and Brexit. The Revised Estimate approved by the Dáil in June provided the Department with an additional €483 million in capital and a further €450 million for the Department agreed as part of the Government’s July Jobs stimulus.

This more than doubling of our original 2020 allocation allowed us to provide immediate targeted supports to enterprises impacted by Covid through measures such as the Restart Grant.

As regards Budget 2021 increases and specifically the additional €136 million in capital monies allocated to the Department, it is intended that €35 million of this will be for IDA Ireland. This will enable it to provide a further €10 million to support its Property Programme which has delivered seven advance building solutions – technological or office buildings – providing attractive turnkey building solutions in regional locations.

€30 million will fund the expansion of the innovative Covid Life Products Scheme with €25 million through IDA and €5 million through Enterprise Ireland. This joint initiative will aid research, development and production of medicinal products to fight against Covid. The Scheme will deliver significant economic benefits in jobs and returns to the exchequer as well as societal benefits.

Enterprise Ireland's capital funding will increase by €50 million. €10 million will be for the Sustaining Enterprise Fund providing supports for business continuity through direct grants, equity and repayable advances. €15 million will be for the "Ready for Customs" Scheme which assists SMEs with staff, software and IT systems to be ready for new customs arrangements from 1 January 2021.

€15 million will be for further calls under the Regional Enterprise Development Fund investing in projects to support existing jobs and create new ones to strengthen the regional economy. €5 million will be for the Online Retail Scheme to enable Irish-owned retailers to enhance their digital capability.

The Local Enterprise Offices will get an additional €6 million to support the ever-increasing demand for their services which has seen further significant growth in the light of Covid and Brexit.

InterTrade Ireland's funding will increase by €675k to increase the practical supports it provides to businesses trading cross-border which will be even more important from 1 January 2021.

The remainder of our increased capital allocation will be for access to finance measures. €25 million will fund liabilities under the Covid Credit Guarantee Scheme the largest such financial instrument in the history of the State.

€14.325 million will strengthen the lending capacity under the Future Growth Loan Scheme providing loans of up to 10 years to eligible businesses to support strategic long-term investment. €5 million will further capitalise Microfinance Ireland to continue its tailored Covid Loans to micro enterprises.

The €19 million increase in the Department's current ceiling includes €3 million for the Public Service Stability pay agreement in 2021. The other €16 million will mainly be directed at increasing the resources of the Department's Regulatory Bodies as they respond to Brexit and Covid.

€8 million will be allocated to the Health and Safety Authority, the Competition and Consumer Protection Commission and the National Standards Authority of Ireland. Additional current funding will also be provided to our Enterprise agencies to continue expanding their Global Footprint and increase their promotion and awareness activities in 2021.

Our Department, itself, also continues to be proactive in reaching out to assist business in navigating their way through the Covid pandemic. The additional funding secured for the Department in the July stimulus and which has been retained through Budget 2021 enabled us to beef up our dedicated Business

Support Call Centre where businesses can get details of the full range of enterprise supports available to them. Since its establishment on the 16th March the Centre has answered almost 10,000 calls and emails on supports available for businesses from our Department and other Departments. Almost three quarters of the calls have related to Business Supports and the other quarter to Restrictions. The Department has also adjusted a number of its administrative procedures in the light of Covid, for example it put in place contingency plans to ensure that the Employment Permits system can continue to operate in all scenarios for the duration of the COVID-19 crisis.

The Budget also provided for the establishment of a €3.4 billion Recovery Fund for additional Government decisions in 2021 to stimulate increased domestic demand and employment.

While the funding under the Recovery Fund has yet to be formally allocated, at least €100 million will be provided by way of targeted enterprise supports.

The Tánaiste in his budget announcement set out the particular initiatives that will benefit from this funding including

- Transformation of the food processing industry post Brexit
- Meeting increased demands on services of the Local Enterprise Offices
- Development of the Advanced Manufacturing Centre
- Enterprise Ireland's Online Retail Scheme and Sustaining Enterprise Fund
- Calls under the Regional Enterprise Development Fund
- Support for early-stage innovative Irish companies with global ambition through EI's Seed and Venture Programme
- Future Growth Loan Scheme and Micro Finance Ireland
- European network of Digital Innovation Hubs to help companies improve their processes, products and services by use of digital technologies

The Budget also provided for a range of additional enterprise supports through other Departments as well as taxation measures designed to support business.

This is an outline of the measures to support enterprise from the additional funding provided to our Department in Budget 2021. These measures are additional to core enterprise supports that continue to be delivered by the Department and our Agencies. We are happy to take any questions the Committee may have. Thank you.