

Tánaiste Leo Varadkar T.D.,

Opening Address to Oireachtas Joint Committee on

Enterprise, Trade and Employment

5th October

Thank you for the invitation to update you on the Department's work so far this year and what we have planned for the remainder.

I am joined by Department officials, John Newham (Assistant Secretary), Tara Coogan (Principal Officer) and Jill Colquhoun (Assistant Principal).

Last week was my third budget as Tánaiste and Minister for Enterprise, Trade and Employment. Over the past two and a half years, we have experienced many ups and downs. From Brexit to Covid restrictions to soaring inflation; we live in interesting times.

The Government has not always got things right but we have always sought to protect lives and livelihoods as best we could, and protect jobs and businesses.

Budget 2023

In the round, Budget 2023 is about putting money in people's pockets, with specific measures for the most vulnerable and the squeezed middle.

I know, too, that many businesses around the country are worried heading into the winter. Energy and other input costs are rising. Interest rates are rising. Consumer confidence is waning.

The Government has to intervene again, just as we did during Covid, to support viable jobs and businesses.

So, we have announced five new measures for businesses in the budget to help with energy costs and sustainability efforts.

The first of these is the **Temporary Business Energy Support Scheme (T-BESS)**, providing qualifying businesses with relief on 40% of the increase in their electricity or gas bills up to €10,000 per month per business unit.

The second is a €200 million targeted **Ukraine Enterprise Crisis Scheme** to assist viable but vulnerable manufacturers and exporters. One strand of the scheme will provide up to €2 million for energy intensive companies.

The third is a €1.2 billion State-backed **Ukraine Credit Guarantee Scheme** to assist the wider business sector with liquidity and to invest in energy efficiency. This will provide low-cost working capital to SMEs and primary producers.

The fourth is a €500 million **Growth and Sustainability Loan Scheme** which will provide low-cost, long-term lending for SMEs, including farmers and fishers.

Finally, we're allocating an additional €4 million in funding to the Local Enterprise Office network to include a new grant for microenterprises to implement energy efficiency measures.

White Paper on Enterprise Policy

Turning to other priorities, we are developing a White Paper on Enterprise Policy which will be published before the end of the year.

We have not become a prosperous country because of oil, gas, diamonds or gold. Our success is based on trading goods and services we produce internationally, our attractiveness as a place to

invest and our ability to enter into international free trade agreements with other countries.

I think some people take our economic success for granted – that businesses will continue to expand and that employment will continue to rise, without us having to think too much about it.

They think only about how to divide up the cake differently or more fairly in their view. It never occurs to them that the cake can shrink meaning less for everyone or get bigger meaning we have more to allocate.

This is no time to rest on our laurels in a rapidly changing world. We will not stay successful by standing still and we have to get ahead of the next wave and catch it. This is why the White Paper is so important.

Twin transitions

I understand that businesses have been through a lot in the last three years and many are just focussed on surviving. But the green and digital transitions are also existential threats and we must help businesses to take notice, take action and help them along the way.

We are already helping out with the €85 million multi-annual ‘Grow Digital’ Fund and a €55 million fund to help businesses move away from fossil fuels. There are actually over 20 different energy efficiency schemes available to businesses but take-up isn’t what it should be. We have work to do to ensure the right incentives and information are in place to improve take-up.

Regional Enterprise Plans

In February, we launched nine new Regional Enterprise Plans. They will form an integral part of our overall enterprise policy and are aimed at strengthening the regional enterprise ecosystem to

drive economic growth and maintain better standards of living in all parts of the country. Up to €180 million will be made available to help implement the plans.

It's great to see that employment is growing so strongly in every part of the country. The border area of Donegal, Leitrim, Sligo, Monaghan and Cavan has performed the strongest over the last two years, with employment growing 29%. The SE and SW were the best performers last year. There are now 2.55million at work in Ireland which is a record high, youth unemployment is close to a record low and labour force participation at an all time high.

Both IDA Ireland and Enterprise Ireland had record jobs figures last year and their work, along with the Local Enterprise Offices, will be crucial to maintaining our momentum on employment.

Housing

The Department of Enterprise, Trade & Employment has an important role in facilitating accelerated innovation within the construction sector and driving improved productivity.

We have established a *Modern Methods of Construction* group to help the transition from conventional to modern construction methods. We have made additional categories of construction workers eligible for General Employment Permits and IDA Ireland is engaging with international construction companies to make them aware of opportunities that exist within the Irish market.

Improving workers' terms and conditions

Apart from backing businesses, we are recognising the contribution of workers by introducing reforms to strengthen workers' terms and conditions.

We are working to ensure the pandemic leaves a legacy of a more inclusive and secure society.

Full employment. Good jobs. Secure jobs. Making work pay more and rewarding effort.

In June of this year, I outlined a proposal to introduce a living wage for all employees. My Department is working through the results of a public consultation, and I intend to bring a Memo to Government later this month, seeking formal approval for the introduction of a living wage and a timeline for its phased introduction.

In addition to this work, the Government has accepted the recommendation of the Low Pay Commission to increase the National Minimum Wage to €11.30 per hour from 1 January 2023, or €1,600 per year for a full time worker.

In addition, I have prioritised the enumeration of enhanced workers' rights including:

- A new public holiday St Brigid's Day/Imbolc
- Statutory sick pay, taking effect in January
- The COVID-19 Related Lay-Off Payment Scheme, which is now up-and-running and administered by the Department of Social Protection
- The protection of workplace tips and gratuities, to be commenced in the coming weeks, and
- The Right to Request Remote Working Bill, which will be published this quarter.
- Minister O'Gorman is introducing a new Flexible Working law as well as making childcare more affordable.

Employment Permits

As you know, Employment Permit applications have more than doubled since 2019. I am very pleased that the backlog of processing permit applications has reduced from 10,900 at its peak in January, to under 2,100.

Waiting times for all types of employment permits are now down to 4 weeks or less. The numbers should improve further due to the measures employed by the Department and which can now be continued in 2023 as a result of our budgetary allocation. The forthcoming Employment Permits Bill will also help.

Legislation

Just to briefly mention our other legislation, the Competition (Amendment) Act 2022 was enacted earlier in the year. This landmark piece of legislation will enhance the ability of the CCPC to break up cartels, stop bid rigging, anti-competitive practices, and block anti-competitive mergers.

The Consumer Rights Bill, which will enter the Seanad in the coming weeks, introduces new rights for consumers, and will better protect them from misleading and unfair commercial practices.

As you know, the Small Companies Administrative Rescue Process has been in place for less than a year. While take-up has been muted so far, I anticipate more companies availing of it in the coming months. The feedback on the scheme has been positive and its existence alone is an important factor when companies are in distress.

The Screening of Third Country Transactions Bill completed second stage in the Dáil in September, and the Control of Exports Bill has been prioritised for publication this autumn. These Bills will strengthen Ireland's scrutiny of potentially harmful inward investment and the export of controlled goods to third countries, while ensuring that Ireland retains our position as a location for FDI and an exporting economy.

I would like to conclude by thanking the Committee and Chairperson for facilitating waivers of some of our legislation. I know we sometimes haven't given you adequate notice, but I hope you can understand why. The last two and a half years have required us to adapt quickly to unforeseen events and you have played a role in helping us respond quickly to save thousands of businesses and jobs.

I look forward to hearing members' views and answering any questions you may have.

ENDS