

Opening Statement by Minister Simon Coveney, T.D. on the occasion of his presentation of the Department's Revised Estimate 2023 to the Select Committee on Enterprise Trade and Employment on Thursday, 9th February 2022

Cathaoirleach,

I am pleased to have the opportunity to discuss my Department's 2023 Estimate with the Committee this evening. I am very grateful to the Committee for facilitating the change in the time for to-day's meeting.

My officials have provided briefing on our Estimate to the secretariat of the Committee which hopefully is of assistance to Members.

The environment in which our Estimate is being presented has undoubtedly changed. Whilst previous Estimates were framed in the light of challenges such as Brexit and Covid, new challenges have emerged, not least in terms of increasing inflation, cost of living and significant increases in energy prices, impacted in no small measure by the war in Ukraine.

The economic model that we have followed has served us well as is evident from the resilience of our economy to the elemental challenges posed by Brexit, Covid and now Ukraine. The fact that we have been able to grow the economy, maintain and increase employment is a testament to that resilience but also to the prudent management of our public finances and the value of the targeted supports and incentives provided through recent budgets.

The value of our targeted policies can be seen particularly in the area of employment where, unemployment has fallen to 4.4% from the levels experienced in the height of the pandemic. Whilst recent announcements in relation to job losses in strategic sectors such as the Tech Sector are matters of

concern, not least for the workers affected, the reality is that more than 2.55 million of our people are now at work. In this regard the clients of the Enterprise Agencies of my own Department employ over 550,000 people which is over 21% of the total workforce. This is a remarkable figure and is a testament to the work of EI, IDA and the LEOs and the value that they are delivering for the funding they receive from the exchequer.

The Estimate which I have the pleasure to present to you this evening provides my Department with a gross allocation of €1,621 million for use this year, broken down as and between €1,035.8 million in current funding and €585.6 million in capital funding. This represents an increase of 4% on our Voted allocated of €1,558 million as per the Supplementary Estimate approved by the Dáil last December.

It is the case that both the 2022 Supplementary Estimate and the 2023 Revised Estimate included discrete allocations of €650 million to fund the cost of claims under the Temporary Business Energy Support Scheme. Stripping out the TBESS monies, the Department's core allocation for 2023 is €972.3 million which represents an increase of 7.6% on our core allocation for 2022 of €903.8 million as published in the original 2022 Revised Estimates.

The increased funding being provided in the Estimate will allow the Department and our Agencies to roll out a number of new initiatives under each of the three Programmes on Our Vote.

In terms of our Jobs and Enterprise Development Programme, the Revised Estimate has increased the core funding to this Programme, excluding the once off TBESS monies, by 6%.

Specifically, the Estimate has increased IDA's 2023 capital and current funding by almost €17.5m (8%) to over €208 million. The IDA has also secured additional funding of €30.5 million in capital carryover. This will enable the

Authority to accelerate the roll out of its Regional Property Programme. IDA expects to spend €60m on delivering property solutions in different areas across the country this year. Under its current Property Programme IDA has already delivered three Advance facilities in Monaghan, Dundalk and Sligo. In addition, the IDA has also completed the construction of its Advance Manufacturing Centre (AMC) in Limerick, which is a critical national facility for trialling, adopting and scaling digital technologies. In terms of 2023, the IDA expects to deliver a further four facilities in Carlow, Limerick, Waterford and Athlone by the first quarter of the year.

The increase in the IDA's funding will also allow it to further invest in the National Institute for Bioprocessing Research and Training. NIBRT as a globally recognised centre of excellence for training and research in bioprocessing, has transformed Ireland's capacity to train and educate a skilled workforce in support of major biopharmaceutical investment since its opening in 2011.

IDA through its capital grants programme will also invest in a number of Important Projects of Common European Interest (IPCEI). The IPCEI initiative is a policy of the EU which encourages investments in large-scale, multi-country projects for global state-of-the-art innovation to address market or systemic failures in particular sectors. IDA's IPCEI investments will be in the area of microelectronics and communication and will focus on unlocking the potential of these technologies for the downstream industry and Europe's society

In terms of Enterprise Ireland, the Revised Estimate increases its core allocation by some €23.35 million (12%). EI will also benefit from the use of an additional €24 million in capital carryover monies. This will allow EI to increase funding to its capital support programmes including its Evolve Strategic Planning Grant

and its Capital Investment Scheme which is a key support for the food industry as it adjusts to the reality of the post Brexit trading environment.

The acceleration of the decarbonisation of the Enterprise Sector and the digital transformation of enterprises by way of targeted supports and incentives are specific priorities under the National Recovery and Resilience Plan. Key initiatives in promoting these transitions are EI's Green and Digital Transition Funds. Total funding of €140 million will be invested through these Funds over the lifetime of the Plan. The €35 million in funding support being provided in the Revised Estimate will enable EI to further progress the various strands of both Funds this year.

The impacts of the war in Ukraine will also continue to be a focus for EI in the coming year particularly given the challenges it poses for indigenous businesses. EI's Ukraine Enterprise Crisis Fund, which was rolled out late last year, provides liquidity supports to viable manufacturing and internationally traded services companies experiencing trading difficulties, as well as targeted supports for eligible energy intensive companies experiencing severe increases in energy costs. Funding for the Scheme is being provided from the capital carryover monies secured for EI in the Revised Estimate. I will also be engaging with my colleague the Minister of Public Expenditure and Reform to secure additional funding for the Scheme from the discrete Ukraine contingency identified in Budget 2023.

The 7,780 new jobs created by clients of the LEOs in 2022 demonstrates their key role in promoting job creation and enterprise development across our towns, villages and local communities. As the Committee may be aware, the expansion of the mandate of the LEOs to support businesses with more than 10 employees was a specific commitment under the Programme for Government.

An additional €2 million is being provided in the Estimate to allow the LEOs to extend targeted supports on a pilot basis to particular enterprises employing more than 10 but less than 50 full time employees. The outcomes of this pilot will help determine the way forward for providing additional grant supports over the coming years.

The LEOs' allocation also includes a further additional €2 million to support the introduction of a new 'Green' Capital grant, the Small Firms Investment in Energy Efficiency Grant, which will provide a grant to companies to encourage investment in energy efficiency technologies or processes that reduce carbon emissions and overall energy costs.

In terms of access to finance, the Department will continue to support businesses who experience difficulty in accessing mainstream credit through discrete schemes such as Microfinance Ireland, the Ukraine Credit Guarantee Scheme and the various SBCI loan schemes. One such Scheme is the Growth and Sustainability Loan Scheme, the funding for which was secured in the Supplementary Estimate approved by the Dáil last December. The Scheme, which will be launched in 2023, will make up to €500 million in loans available to small and medium enterprises and mid-caps to expand, create new jobs, access new markets, develop their products and services and invest in energy efficiency and sustainability.

The other major programme being funded through our Jobs and Enterprise Development Programme is the Temporary Business Energy Support Scheme. As the Committee will be aware, this Scheme was introduced late last December to assist businesses with increases in their electricity or natural gas (energy) costs. The funding for the Scheme is provided through my Department's Vote, albeit

the Scheme itself is being administered by the Revenue Commissioners. Since its launch a total of over 22,840 businesses have registered with Revenue for the Scheme and payments to the value of €26.11 million have been paid to applicants as of the 9th February.

Undoubtedly take up under the Scheme has been somewhat lower than expected. My colleague the Minister for Finance recently published a Report on the operation of the Scheme which acknowledged the slow take up but also noted that the numbers of applications have begun to increase and are expected to increase further in the coming weeks. The €650 million provided in the Estimate will ensure that payments arising from these applications can be paid this year. Myself and my colleagues, Ministers McGrath, Donohoe and Ryan will keep the Scheme under review and will consider any changes that may be necessary.

The Revised Estimate increases the funding to our Enterprise, Innovation and Commercialisation Programme by 9% to €258.7 million for 2023. The increased funding will be targeted at our Science and Technology Development Programme and strengthening our membership of the European Space Agency Programme.

Our Science and Technology Development Programme is mainly delivered by Enterprise Ireland through focussed R&D and Commercialisation activities and supports. The 17% increase in funding being provided in the Estimate will allow EI to increase the number of Innovative High Potential Start UPs as well as In-Company RD&I approvals over €100K and deliver a greater number of collaborative innovation projects between companies and the Higher Education Sector. Other targets will be increasing the number of spin-out companies from the Irish research system and the number of companies involved in EI Technology Centres as well as establishing a new Technology Gateways Programme.

The S&T Programme also includes funding to allow EI to roll out a number of projects approved under the current round of the European Regional Development Fund. Funding over €15.5 million is being provided to support the launch of three specific innovation initiatives, namely the Technological Universities Collaboration, Needs Led Innovation and Knowledge Transfer Boost Schemes. These schemes which involve multiannual investment, will greatly assist in delivering on our strategy of maximising the potential commercialisation of research and development and driving innovation in our economy in the coming years.

Additional funding of €3 million is also being provided to the European Digital Innovation Hubs Programme. The EDIHs are part of a pan-European Programme and are intended to provide access to technical expertise and experimentation, so that organisations can “test before invest”, as well as providing innovation services, financing advice, and the training and skills development necessary for successful digital transformation.

In addition, funding of €500k will be provided to support the new Construction Centre, which was launched last year. This funding will allow the Centre to prioritise research activity and innovation in residential construction, particularly in areas such as standardisation and routes to certification, next generation rapid build systems and autonomous construction.

Our membership of the European Space Agency and our engagement in the Space Technologies Programme is a key element of the National Space Strategy. The additional funding of €1.5m allocated to ESA in the Estimate builds on increases in the last number of years. This reflects our continued commitment to invest in Irish space active companies thereby assisting them to

secure significant numbers of additional ESA related contracts and growing their business and in turn increasing the number of employees.

The other significant initiative being funded through our Enterprise Innovation and Commercialisation Programme is the Disruptive Technologies Innovation Fund (DTIF). DTIF, which is one of the four headline National Development Programme funds, supports collaborative projects in the development and deployment of disruptive innovative technologies on a commercial basis, targeted at tackling national and global challenges.

There have been 5 calls so far under the Fund, with latest call being in April last year. Under the first 4 calls, a total of 86 collaborative projects involving 321 project partners have been approved for funding of €288 million. The €61 million allocated in the Estimate will ensure that successful projects under the existing calls can continue to be funded and also allow for the launch of call 6 to proceed in the first quarter of this year.

As regards our Department's Regulation Programme, the €116.49 million being provided to support this Programme in 2023 represents a 10 % increase on the 2022 allocation. This additional funding reflects the fact that the mandates of a number of our Regulatory Agencies have expanded and seeks to ensure that they have the requisite resources to carry out those mandates

Specifically, the funding being provided to the Department's Workplace Relations Programme, which mainly covers the operations of the Workplace Commission, is being increased by 7% to €21.4 million. This additional funding will allow the Commission to continue to increase its staffing resources, particularly in relation to its cadre of inspectors. In this regard the Commission expects to increase its current compliment of 63 inspectors by a further 7 as a

result of a recent recruitment campaign and intends to increase this number in further targeted campaigns planned for later in 2023.

The budget of the Health and Safety Authority is also being increased by almost €900k. The Authority is also engaged in an active recruiting campaign and the additional funding secured for it for 2023 will ensure that it can continue to increase its compliment of inspectors, particularly specialist inspectors given its important role in areas such as farm safety, chemicals etc.

The Corporate Enforcement Authority was established an independent statutory agency in July last year. The budget of the Authority has been increased significantly in recent years to ensure that it has the necessary resources to act as a robust enforcer of Company law as committed to by Government. The 25% increase in its funding to €9.7 million this year will help the Authority to embed its governance structures, build operational capability, engage in effective advocacy and influencing and develop proportionate, robust and dissuasive enforcement processes.

The Revised Estimate has increased the allocation to the Competition and Consumer Protection Commission by €2 million (11%). The Commission's mandate has significantly expanded as a result of recently enacted legislation including the Competition (Amendment) Act, the Consumer Rights Act, Price Indications Directive, Digital Markets Act and Digital Services Act. The increased allocation of €20.3 million will help to ensure that the Commission has the resources to carry out its new responsibilities.

The Digital Services Act is intended to combat the proliferation of illegal content online. The Act applies to intermediary service providers (ISPs), such as social media sites, online marketplaces, video sharing platforms, and search

engines. The Act obliges Member States to designate a competent authority, to be known as the Digital Services Coordinator, to supervise, implement and enforce the Act. The Government decided in March 2022 to designate An Coimisiún na Meán (the Media Commission) to be the DSC in Ireland.

The DCS will carry out a range of functions in relation to overseeing the due diligence which online intermediary service providers are required to exercise as regards requirements for transparency, procedures for handling of take down orders, dealing with complaints etc.

The €2.7 million in funding being provided to the DCS in the Revised Estimate is to allow for its establishment in 2023, the recruitment of an initial staffing cohort including a Commissioner for Digital Services so that it can be up and running by the beginning of the third quarter of the year as required by the Digital Services Act

Funding is again being provided under our Regulation Programme to support the Balance for Better Business Initiative. The Balance for Better Business Group has been to the forefront in progressing gender balance in senior leadership in Ireland. The Group's latest Report demonstrates the progress that has been achieved. The Report found that 32% of board members of listed companies are female, up from 14% in 2018, and breaking the key threshold of 30% for the first time. For ISEQ20 companies, this was 36%, exceeding the 30% output target, while for other listed companies this was 26%, exceeding the 22% output target.

My Department fully supports the work of the Group and its ambition to significantly increase the number of female chairs of ISEQ20 companies as well the number of female CEOs of such companies and its efforts to ensure that all ISEQ20 companies meet the 30% gender balance target for their boards.

In terms of gender pay the Committee will be aware of the Gender Pay Gap Act and the obligation to publish information relating to remuneration by gender. My own Department published our Gender Pay Report last December. The Report records that the Gender Pay Gap in the Department is 10.56%. This mainly reflects the greater proportion of women in junior grades and the high proportion of women availing of part-time work options. The Department has a gender parity in middle management and senior grades in the Department, which ensures a strong pipeline of top female talent.

Our Department is strongly committed to ensuring both men and women are represented highly at all levels and have equal inclusion in senior level roles. We are committed to reducing the pay gap further through focused policies such as our Maternity Leave and Blended Working Policies.

The Department is also committed to the broader equality, diversity and inclusion agenda and expects to publish its Equality, Diversity and Inclusion Strategy during 2023.

In the area of administration, the Revised Estimate also provides increased funding to meet the administration costs of the Department. The need for this funding arises from the significant increase in demand for important services such as our Employment Rights Service. The deployment of additional staffing resources has delivered significant improvements in the operation of this service, and it is important that this progress is maintained.

In addition, the increased administration funding provided in the Estimate will help to progress ongoing policy and legislative work in areas such as climate

action, digitalisation, employment rights, trade, company law, competition, consumer protection etc

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Caothairleach, I hope the foregoing gives the Members of the Committee an outline of the particulars of my Department's Estimate and what we intend to deliver for the monies being provided to the various Programmes in our Vote.

I will leave it there and look forward to addressing any questions that the Members of the Committee may have.