

**Speaking Note for Minister Simon Coveney T.D. on the occasion  
of the presentation of the DETE Supplementary Estimate 2023 to  
the Select Committee on Enterprise, Trade & Employment –  
9.30am, Wednesday, November 29th, 2023.**

-----

Cathaoirleach,

I am pleased to have the opportunity to present my Department's  
Supplementary Estimate to the Members of the Select Committee this morning.

I understand that Committee's secretariat has been provided with briefing on  
the details of the Estimate by my officials, which hopefully is of assistance.  
With your permission Cathaoirleach, I would like to outline to the Committee  
the constituent elements of our Supplementary Estimate.

The Estimate being presented to the Committee this morning is not seeking any  
additional exchequer funding over and above the €1.621 billion gross provision  
allocated in the 2023 Revised Estimates and approved by the Dáil. Rather the  
Estimate is of a technical nature as it is seeking to redistribute €43.405 million  
in savings to fund a number of capital and current expenditure priorities across  
the various Programmes on my Department's Vote this year.

**Jobs and Enterprise Development Programme : €32.73 million**

In terms of our Jobs and Enterprise Development Programme, the  
Supplementary Estimate proposes to provide increased funding of €32.73  
million to the following areas :

Additional current funding of €4 million is being provided to the IDA to support  
marketing and advertising activity in key markets in 2023. Promotional activity,  
advertising and marketing are crucial tools for IDA to compete in an increasingly

competitive environment for FDI. Earlier this year the IDA participated in a seminal Inaugural Gateway Europe event in partnership with Bloomberg. The Bloomberg event was very successful and impactful event for the Agency with significant media and social media coverage. The event provided prominent branding and content opportunities, allowing IDA to showcase Ireland as a modern, open economy to a curated audience of global decision makers in the context of ever-increasing competition for globally mobile FDI.

The IDA's efforts, including through its promotion and advertising activities, continue to deliver results. In this regard, as of mid-year, the IDA has secured 139 investments which have the potential to create 12,000 jobs. Almost half, 67 of the 139 investments, were secured for locations outside Dublin. 52 new investments in the first half of the year were from companies investing in Ireland for the first time.

Additional net funding of €2.33 million is being provided to the Local Enterprise Offices to ensure that they can meet the increasing demand for their services. The Committee will be aware that the mandate of the LEOs has expanded to cover businesses who have grown to over 10 employees. The additional funding will be allocated to financial supports such as the Trading Online Voucher, Energy Efficiency Grants, Green for Business grants as well as training, mentoring and management development programmes such as the Start Your Own Business programme which guides clients through the various aspects of business and business planning.

The Estimate increases the funding to the Temporary Credit Guarantee programme by €6 million. The funding for this programme supports the cost of meeting claims in respect of defaulted loans under the various credit guarantee schemes including the original SME scheme, the Covid CGS scheme and the

most recent Ukraine scheme. The Subhead also funds the cost of the administration of these Schemes by the SBCI.

The additional funding is required as the claims against the guarantee incurred in 2023 to date and due by year-end are at a significantly higher level than claims incurred in 2022. By way of comparison, some €7.23m has already been expended on the Schemes up to the start of November as compared with total expenditure of €4.69 million in 2022.

The importance of the Credit Guarantee Schemes in allowing indigenous businesses, particularly SMEs, to access finance is demonstrated by the experience of the Covid-19 Credit Guarantee Scheme. Under that Scheme, which was available from September 2020 until June 2022, the participating 9 bank and non-bank lenders and 19 credit unions, provided a total of 9,857 loans for a value of €708.8m which supported over 81,000 jobs.

The Interreg Programme, which is one of 60 cross-border programmes operating across the EU, supports cross border initiatives in a number of areas including strengthening and enhancing cross-border collaboration in research and innovation.

My Department, together with our counterparts in Northern Ireland, the Department for the Economy, is responsible for funding projects under the Research and Innovation strand of the current Interreg programme.

Our commitment to the R&I strand is €21m over the duration of the programme of which some 85% is eventually reimbursed by the EU. Expenditure under the Programme can vary from year to year depending on the development stages of funded projects, which can make it difficult to accurately provide for the Programme in the annual estimates process. The additional €1.4 million being sought in the Supplementary Estimate arises as a result of an increased funding requirement for this year.

In the area of legal costs €1.5 million is being provided in the Supplementary Estimate to meet the costs a legal challenge taken in relation to the constitutionality of certain provisions of the EU-Canada Comprehensive Economic and Trade Agreement, known as CETA. In late 2022, the Supreme Court ruled, by a majority, that the Constitution of Ireland precluded the Government and Dáil Éireann from ratifying CETA as Irish law stood. The Court did, however, rule that CETA could be ratified by the Oireachtas if certain changes were made to domestic legislation.

My Department is engaging with the Office of the Attorney General in relation to determining the next steps so that ratification of CETA can proceed as quickly as possible. The €1.5 million being allocated in the Supplementary reflects the outcome of the negotiations on costs managed on the Department's behalf by the State Claims Agency with the representatives of the legal team of the opposing party.

Funding of €12 million is being provided to support loan schemes administered on behalf of the Department by the Strategic Corporation of Ireland and in particular the Growth and Stability Loan Scheme. The Committee will recall that funding of €55 million was provided in our 2022 Supplementary Estimate to meet part of the DETE contribution to the Scheme. The €12 million now being provided will meet the outstanding commitment to the Scheme.

The GSLS Scheme is particularly important given the dearth of mainstream long-term finance facilities particularly for SMEs. Loans of between €25,000 and €3 million, with terms of up to 10 years and attractive terms and conditions, are available under the scheme to eligible SMEs through participating finance providers, with loans of up to €500,000 available unsecured.

The GSLS scheme was launched to the market in September 2023 and already has a number of participating on lenders. Further on lenders and financial institutions are expected to offer loans under the scheme in the coming weeks.

The Committee will be aware of recent serious flooding events across various areas of the country and the damage they caused to homes and businesses. My Department has been to the forefront in assisting businesses impacted by these events through the Humanitarian Relief Schemes which we put in place in the immediate aftermath of each event. Because of the severity of these events and the extent of the damage caused, in addition to the financial support under the standard scheme we also introduced an enhanced scheme for those businesses most severely impacted.

The standard scheme provides for an immediate payment of up to €5,000 to eligible businesses with possible further support capped overall at €20,000. Under the enhanced scheme an initial payment on application of up to €10,000 is available and can be further increased to €100,000. The further payments under the standard scheme and the enhanced scheme are subject to a detailed assessment of the loss incurred.

The Irish Red Cross is delivering both the standard and enhanced schemes on our behalf. Given the emergency nature of the schemes and the importance of assisting impacted businesses in as timely a fashion as possible, the application process only requires the completion of one single application form. The Red Cross is currently processing applications under both schemes and it has administered funding to 44 applicants under the schemes as of Friday the 17<sup>th</sup> of November 2023.

€5.5 million is being allocated in the Supplementary Estimate to meet the cost of claims under the standard and enhanced Humanitarian Relief schemes.

**Innovation Programme : €8 million**

The Supplementary Estimate is providing an addition €8 million to support our membership of the European Space Agency which is a core element of the National Space Strategy.

The additional €8 million will ensure that Irish companies can secure new ESA contracts to a commensurate level. The funding will also help to meet the contracts targets in the National Space Strategy as well assist the funding of immediately identifiable activities that Irish based companies could not compete for otherwise.

The number of Irish based companies engaged with the ESA has grown from 70 in 2019 to 97 in 2022 and is expected to exceed 100 in 2023. This represents an increase of 39% in less than 3 years since the publication of the National Space Strategy.

Aside from increasing the number of contracts, the purpose of our investment in ESA programmes is to nurture and build a base of technologically sophisticated enterprises that develop and trial technology solutions via space applications, and then go on to develop new markets in a wide range of application areas based on the expertise they have built up.

A concrete example of this is EIRSAT-1, Ireland's first satellite, which is due to be launched later today. This is a groundbreaking moment for Irish industry and academia, and the culmination of many years of work by the dedicated team of students and researchers. It has only been made possible by Ireland's membership of ESA and represents a great leap forward in our national ambitions in the space sector.

### **Regulation Programme : €2.675 million**

The Supplementary Estimate increases the funding to the Health and Safety Authority by €1.55 million. The additional funding is mainly required to meet the

extraordinary cost incurred by the Authority in the statutory investigation into a particular workplace safety incident. The investigation, which began in late 2022 concluded in June 2023, was very detailed and complex involving the forensic demolition of the scene of the incident in order to effect the retrieval, securing and storing of evidence which required specialist expertise and equipment.

The HSA is continuing to deliver its 2023 Programme of Work through a combination of promotion, information, education as well as intervention, inspection and enforcement. Inspection activities target specific risks and hazards within the construction, agriculture, transportation, and storage, chemical and health and social care sectors.

In terms of activities, the figures available for the first two quarters of the year show that the number of proactive inspections across all sectors of the economy was over 5,500 with over 200 reactive inspections carried out. This is in addition to over 600 market surveillance assessments.

The Authority has also continued to increase its staffing resources and currently has 250 whole time equivalent staff in situ, up from 190 in December 2020, with a further 17 additional staff expected to start before year-end.

The Supplementary Estimate provides the Competition and Consumer Protection Commission with an additional €700k in current funding to assist it in meeting the demands of its increased mandate. In this regard the introduction of the Consumer Rights Act extended the CCPC's powers to investigate anti-consumer behaviour. In addition, the Commission is due to assume responsibility for the functions of the European Consumer Centre. The preparations for these expansions in the CCPC's mandate have resulted in additional, previously unforeseen costs. The €700k in funding proposed in the Supplementary Estimate is required to allow the Commission to meet these costs.

The final additional allocation proposed under the Supplementary Estimate increases the legal costs provision in our Regulation Programme by €425k. The requirement for this additional funding relates to the costs of a constitutional challenge regarding the adjudicative process established under the Workplace Relations Act 2015. The case was subject to hearings in both the High and Supreme Court and essentially revolved around the administration of justice applied in cases held before the Workplace Relations Commission.

The Supreme Court in its judgement confirmed the constitutionality of the WRC. It did, however, highlight certain procedural practices including the importance of public hearings; taking evidence on oath and the possibility of prosecution for false evidence; cross-examination and the independence of decision-makers. The Court accepted that the case raised issues of public interest and awarded the plaintiff his full legal costs in respect of the Supreme Court action and 75% of his costs in respect of the High Court action.

Following negotiations conducted on the Department's behalf by the State Claims Agency with the legal representatives of the opposing party, legal costs totalling €996k were agreed. The additional €425k being sought in the Supplementary Estimate is required to meet some of these costs as the remaining €571k is being met from savings within Subhead C15.

### **Funding the Supplementary Estimate Package of €43.405 million**

As advised this Supplementary Estimate is technical in its nature as it involves the re-distribution of €43.406 million in savings from within my Department's 2023 Voted gross allocation of €1.621 billion.

€35.84 million of the Estimates package provides increased funding to particular capital programmes. The cost of these increases will be funded from savings on Enterprise Ireland's capital allocation under Subhead A7.



The nature of a number of Enterprise Ireland's enterprise development capital supports/schemes can involve a time lag between the approval of applications and the projects underlying such applications being completed and submitted for payments. It can also be the case that clients themselves for the own reasons relating to matters such as cash flow etc may delay submitting their claims for payment. These delays have resulted in payments under some EI's Schemes not being drawn down as had been expected, thus giving rise to savings on the Subhead.

Enterprise Ireland also generates Own Resource Income from capital investment programmes such as its Seed and Venture Capital Programme. Surfeit income generated through such investments can reduce EI's requirement for exchequer funding which can also result in savings on its voted capital funding allocation.

The remaining €7.565 million of the estimates package provides increased funding to particular current programmes. The cost of these increases will be funded from savings across a number of Subheads on our Vote.

Some €4.94 million of these savings will come from my Department's administration pay budget and the allocation to the Corporate Enforcement Authority. This is in the main due to difficulties being experienced in recruiting staff in a tight labour market.

Some €700k will come from savings in the Companies Registration Office, primarily as a result of delays to completing a number of IT projects.

The remaining €1.925 million will come from savings on the Temporary Business Energy Scheme, Subhead A 18. The savings under the TBESS arise for a number of reasons including the fact that wholesale energy prices reduced

significantly in the months following the announcement of the scheme, the fact that existing energy provider contractual agreements reduced the impact of energy price increases for some businesses, the timing of billing cycles etc.

Cathaoirleach, I hope the foregoing provides the Committee with some useful detail in relation to the Supplementary Estimate being presented this morning and I look forward to answering any questions Members may have.

**Ends**