

Draft Opening Address by Minister Simon Coveney, T.D. on the occasion of his presentation of the Department's Revised Estimate 2024 to the Select Committee on Enterprise Trade and Employment on Wednesday, 31st January 2024

Cathaoirleach,

Thank you for the opportunity to present my Department's 2024 Estimate to the Committee this morning.

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

This is the second year that I have had the pleasure of presenting the Estimate of the Department of Enterprise, Trade and Employment. Last year's Estimate was presented in the context of the economy and society having emerged from the shadows of the pandemic. However, the challenge of Covid was almost immediately followed by the cost-of-living challenge and rising prices, driven in no small part by the impacts of war on Ukraine.

Government through a range of budget measures continued to support businesses, workers and households throughout the course of last year. These measures included discrete supports rolled out by my own Department, not least the Temporary Business Energy Support Scheme which was designed to cushion the impact of high energy costs on business.

Whilst prices and energy costs have been reducing from the 8.25% inflation rate in December 2022 to the 4.6% recorded last month, I am conscious that the costs of doing business continue to be a significant challenge for some companies and small businesses.

As it has in the past, Government will continue to support businesses through this challenge. Measures brought forward in Budget 2024 such as the extension of the 9% VAT rate on gas and electricity to the end of October 2024 and extending the excise rate fuel reductions to the end of March demonstrates our commitment to do so.

Other measures such as the Increased Cost of Business grant, in respect of which €257 million is being provided in my Department's Estimate for this year, will also help. In addition, the Debt Warehousing Scheme is being reviewed with a view to making it as flexible as possible in easing the debt burden on businesses.

Notwithstanding the plethora of Government supports, I am aware of the concerns that have been expressed in relation to the impact of recent improvements in working conditions in Ireland, including the transition to a Living Wage, Pension Auto-Enrolment, Parent's Leave and Benefit, Statutory Sick Pay, an Additional Public Holiday and Remote Working. It is important to point out that each of these improvements followed on from extensive public consultations, involving employers, trade unions and the public, and that whilst they may bring additional costs for some businesses, they will also bring economic and societal benefits, by means of increasing disposable incomes and addressing in-work poverty.

I would advise that my Department is working with the Department of Social Protection on a report that examines the impact of changes to working conditions. I have no doubt that the Report, which I expect to receive shortly, will make a valuable contribution to future policy in the areas of enterprise development and working conditions.

Notwithstanding the difficulties being experienced by this period of extended price inflation, it is worth bearing in mind that the Irish economy continues to

perform robustly. Employment is at a record high with 2.6 million people now in work, consumer prices have fallen and are likely to continue to do so, the public finances continue to be robust, Ireland is ranked as the second most competitive economy in the globe under the IMD World Competitiveness Rankings.

The Estimate before the Committee this morning provides my Department with a gross allocation of €1,268 million for use this year, broken down as and between €402.474 million in current funding and €866.04 million in capital funding. Whilst this is some €353 million less than our allocation in the 2023 Revised Estimates, it should be borne in mind that the Department received additional non-core current funding of €647.205 million last year to fund the cost of payments under the Temporary Business Energy Support Scheme.

Excluding the non-core TBESS funding of last year and the Increase Cost of Business funding being provided to the Department this year, the Department's core funding for 2024 is €979 million which represents an increase of €35 million on our 2023 core allocation of €944 million.

This increase in our core funding will ensure that we can progress a number of initiatives under my Department's Enterprise Development, Innovation and Regulation Programmes.

As regards our Jobs and Enterprise Development Programme, the exchequer has provided a total of €890.3 million in the Revised Estimate to support this Programme in 2024. In addition, the Enterprise Agencies supported under this Programme such as IDA Ireland, Enterprise Ireland and the National Standards Authority of Ireland will, subject to the sanction of the Minister for Public Expenditure, NDP Delivery and Reform, have the use of up to a further €100 million from income they generate from property and equity investments in

clients to support their capital programmes and to fund operational activity such as recruiting additional staff this year.

In terms of the work of our Enterprise Agencies they continued to promote and develop the enterprise culture across all areas of the country. The 6,128 net jobs created by clients of IDA, EI and the LEOs in 2023 was somewhat less than the record achievements in previous years. It is the case, however, that in a very challenging environment, over 560,000 jobs are being supported by clients of our Agencies. This represents 21.5 % of the total number of people currently in employment in the State.

The Revised Estimates increases the core funding of the IDA to €265.99 million. This additional funding will ensure that the Agency can through its Grants, Innovation, Training and Regional Property Programmes support enterprise in making transformative investments to increase the productivity of Irish operations and their workforce through RD&I, digitisation and actions on sustainability.

In the area of property, the increased funding will enable the IDA to deliver the remainder of the 19 property solutions committed to under its Regional Property Programme. In this regard 8 dedicated property solutions have already been completed. A further 5 buildings are expected to be on site in 2024 and 2 further buildings are in the planning system. An extensive site selection process for the 4 remaining properties is underway.

The €213.17 million being allocated to Enterprise Ireland will be supplemented by approximately €85 to €95 million in income from its equity and seed and venture investments. This will ensure that EI can roll out a number of key significant strategic initiatives.

Among them will be the launch of a new Exporters Accelerator Programme to deliver 2,000 new exporters by 2030, new funding for its Seed and Venture Capital Programme, the launch of an Environmental Aid offer targeting largest emitters in order to intervene in time to meet 2030 targets, aligning all its funding supports with Sustainability/Climate requirement and continuing the Digital and Green Transformation Programmes with pace and ambition through its dedicated Green and Digital Transition Funds.

Its equity investment income will also allow EI to recruit the additional staff required to roll out these strategic initiatives.

The budget of the Local Enterprise Offices is being increased by 14% to €56.8 million this year. This increase recognises the growing demand for the services provided by the LEOs as well as enabling them to embrace their extended mandate for businesses operating in manufacturing and internationally trading sectors, who have grown beyond 10 employees and have the potential to export.

The additional funding will be used to assist LEO clients to deal with the twin transitions of Digitalisation and Decarbonisation which are key priorities of the White Paper on Enterprise. Specifically in the area of decarbonisation, the LEOs clients will continue to be able to access supports such as the Green for Business programme, which provides two days of intensive mentoring including a sustainability audit and action plan, and the Energy Efficiency Grant which provides businesses with capital investment to reduce carbon emissions based on energy efficiency project.

In the area of digitalisation, the LEOs will also continue to assist clients to adapt to the reality of the digital environment including through its Trading Online Voucher and Digital Start Programmes.

The Credit Guarantee Scheme is one of a number of access to finance schemes supported by my Department. There are currently 3 distinct guarantee schemes, the original Credit Guarantee Scheme, the Covid-19 Credit Guarantee Scheme and the Ukraine Credit Guarantee Scheme. The Ukraine Scheme, which was launched in January 2023, is the only scheme still open to lending facilities.

The Revised Estimate has allocated €8 million to meet any calls against the guarantee under the UCGS as well as meeting the administration cost of the scheme.

As advised the Estimate includes a provision of €257 million to support the Increased Cost of Business Scheme (ICOB) which was announced as part of Budget 2024.

The ICOB grant will provide a one-off cash injection of up to €5,000 to SMEs in recognition of the costs faced by businesses across the country. It is targeted at small and medium businesses operating directly within a premises that is commercially rateable by a Local Authority. The grant will be paid at a rate of half the enterprise's 2023 commercial rates bill, for firms paying up to €10,000 in rates. For those paying between €10,000 and €30,000 in rates, they will receive a flat grant of €5,000 each. No grant will be available for firms paying more than €30,000.

It is not intended that there be a formal application process for the scheme and in this regard, it is proposed that Local Authorities will contact businesses in relation to the availability and conditions relating to the grant.

Work is ongoing between officials in my Department and the Local Authorities on the details of the administration of the grant. It is intended that the grant will

be issued directly to eligible business by the local authorities in the first quarter of 2024.

A total of €244.9 million is being provided to support our Enterprise Innovation and Commercialisation Programme this year. The majority of this funding is allocated to our Science and Technology Development Programme, our memberships of International Research Organisations and the funding of the Disruptive Technologies Innovation Fund.

The Department's Science and Technology Programme is mainly delivered by Enterprise Ireland through its suite of the Innovation and Commercialisation measures. The €159.13 million being provided to the Programme this year will be focused on delivering a number of discrete initiatives. Specifically, given our commitments to promote innovation in the construction sector under the Housing for All Plan, EI will allocate an additional €2 million to the development of the National Demonstration Park for Modern Methods of Construction in Mount Lucas in Offaly. The Demonstration Park will be a showcase for the latest construction industry innovations.

A further €1.35m in funding will also be allocated to the recently established Construct Innovate Technology Centre. This funding will support the delivery of new industry-focused research to be undertaken in 2024 which is key part of boosting construction sector productivity.

EI will also use the funding allocated in the Estimate on a range of other initiatives including, supporting up to 15 Innovative HPSUs originating from the publicly funded research system., 100 In-Company RD&I Approvals over €100K, delivering over 1,500 collaborative innovation, targeting 540 companies to be involved in Technology Centres., supporting 35 Spin-out companies from the Irish research system established, rolling out the new Needs Led Training

Innovators Initiative, and continuing to deliver on the ERDF co-funded KT Boost, and Technology Gateways Programmes.

The Innovation and Commercialisation Programme also funds the cost of Ireland's membership of the European Space Agency. The €26.6 million allocated in the Estimate will ensure that the number of companies benefitting from ESA contracts will continue to grow thus maintaining the high growth rate in space related activities in Ireland.

The €42.5 million being provided to support the Disruptive Technologies Innovation Fund will allow for a seventh Call to be made under the Fund which it is intended will be announced in first quarter of the year. To-dated a total of 6 Calls have been made under the Fund with 103 successful collaborative projects announced. Approximately €365 million in funding has been awarded under these Calls to the 389 industry and research partners involved in approved disruptive innovative projects.

The Regulation Programme has been allocated a total of €133.27 million for use this year. This represents an increase of 15% of the funding provided to this Programme in 2023. Our Regulatory Agencies have a critical role in upholding Ireland's reputation as a business-friendly country and a great place to do business. The additional resources allocated in the Estimate will ensure that they can continue to do so, not least given the significantly expanded mandates that a number of them have assumed.

The Estimate increases the funding to the Workplace Relations Programme by 10% this year to €23.6 million. The increased funding will enable the Workplace Relations Commission to recruit additional staff and in particular to increase the numbers of inspectors required to carry out its expanded suite of functions. The

Commission expects to have a total of 80 inspectors in place by the end of 2024. This would represent an increase of 10 on its current compliment.

The funding to the Health and Safety Authority is also being increased to €30.7 million. The additional funding will allow the Authority to continue its programme of recruitment, particularly in its inspectorate division to meet its expanding mandate in areas such as chemicals. The Authority will through further recruitment campaigns look to increase its current staff headcount of 261 to 295 by the end of 2024.

The Corporate Enforcement Authority will receive an increased allocated of €11.1 million in 2024. This follows on from increases in the Authority's budget both prior to and post its establishment a statutory body. The Authority will use the increased funding to develop a new case management system which will enhance how the CEA case data is structured and managed, allowing for more effective management, oversight and reporting and will provide real time detailed analysis of core activity.

The increased funding will also ensure that the Authority can continue to recruit additional staff, particularly staff with specialist skills. In this regard, the Authority hopes to be able to increase its current staffing compliment of 70 civilian and garda staff to 83 by the end of this year.

The mandate of the Competition and Consumer Protection Commission has expanded significantly in recent years and in 2024 it is expected to assume further functions under the Digital Services Act, Data Governance Act, Data Act, Digital Markets Act as well as expected responsibilities under the European Accessibility Act.

In recognition of these additional responsibilities, the funding being allocated to the Commission is being increased by over 22% in 2024 to €25.7 million. The increased funding will allow the Commission to recruit the additional staff required to carry out its expanded mandate. In this regard the Commission expects through targeted recruitment campaigns to increase its staffing complement from its current level of 188 to 226 by the end of the year.

Funding of €6 million is being provided to support the operations of the Digital Services Coordinator in 2024. This represents an increase of €3.3 million on DSC allocation for last year.

The Digital Services Act obliges each Member State to appoint one overall competent authority for the DSA, known as the Digital Services Coordinator. Coimisiún na Meán, as the Irish DSC, will supervise and enforce the Digital Services Act once it comes into full force on 17 February 2024.

As DSC, Coimisiún na Meán will assume several new functions this year, including a significant role on the overall EU enforcement network with the EU Commission and other Member States

The funding being provided to the DSC in 2024 will ensure that it can recruit the additional staff required to meet the full panoply of its responsibilities, including the new functions that it is taking on. In this regard, the DSC intends to recruit an additional 40 staff at all levels to discharge its functions, as part of Coimisiún na Meán's overall online safety framework.

As the DSC moves from the preparatory phase to full enactment of the DSA there will be a number of key target areas. Coimisiún na Meán will have an initial supervision operating model ready to go from next month. In this regard

its contact centre will provide advice to users on their rights under the Digital Services Act and gather intelligence that will inform An Coimisiún's supervisory and enforcement activities.

Aside from the specific Programme activities which I have already mentioned, my Department will also continue to progress a number of critical policy and legislative initiatives in the course of the coming year. Particular focus will be on implementing the targets in the White Paper on Enterprise, progressing the transitions required for Climate and Digital Transformations, Offshore Wind Energy, Regional Enterprise Development, Trade Policy and Regulation.

Caothaoirleach, I hope I have been able to give the Committee a flavour of our Estimate and what we hope to deliver for the monies being provided to my Department in 2024.

I am happy to discuss the detail of the Estimate with the Committee and to address any questions that the Members may have.