

DÁIL ÉIREANN

AN COMHCHOISTE UM POIST, FIONTAIR AGUS NUÁLAÍOCHT

JOINT COMMITTEE ON JOBS, ENTERPRISE AND INNOVATION

Dé Máirt, 23 Iúil 2013

Tuesday, 23 July 2013

The Joint Committee met at 1.30 p.m.

MEMBERS PRESENT:

Deputy Dara Calleary,	Senator Deirdre Clune,
Deputy Áine Collins,	Senator David Cullinane,
Deputy Michael Conaghan,	Senator John Kelly,
Deputy Seán Kyne,	Senator Michael Mullins,
Deputy Anthony Lawlor,	Senator Trevor Ó Clochartaigh,*
	Senator Feargal Quinn,

* In the absence of Senator David Cullinane for part of the meeting.

DEPUTY DAMIEN ENGLISH IN THE CHAIR.

BUSINESS OF COMMITTEE

Business of Committee

Chairman: Apologies have been received from Deputy John Lyons. We will now go into private session to deal with housekeeping matters.

The joint committee went into private session at 1.35 p.m. and resumed in public session at 2.00 p.m.

Scrutiny of EU Legislative Proposals

Chairman: The first proposal is Schedule A, COM (2013) 312 - a proposal for a regulation of the European Parliament and of the Council establishing the Copernicus programme and repealing regulation (EU) No. 911/2010. This is a European initiative for the implementation of information services dealing with environmental security. It replaces the European earth observation programme. It also covers activities for ensuring an uninterrupted provision of accurate and reliable data and information on environmental issues and of security matters to users in charge of policy making, implementation involved in the EU and its member states. As of 2014 the Copernicus programme will enter its full operation phase and this is the subject of the regulation. It is proposed that this proposal does not warrant further scrutiny. Is that agreed? Agreed.

The second proposal is Schedule A, COM (2013) 404 - proposal for a directive of the European Parliament and of the Council on certain rules governing actions for damages under national law for infringements of the competition law provisions of the member states and of the European Union. The main objectives of the present proposal are to optimise the interaction between public and private enforcement of the EU competition rules and ensure victims of infringements of EU competition rules can effectively obtain compensation for the harm they have suffered.

As some of the legal and constitutional impact of some of the elements of the proposal have yet to be fully explored it is proposed that this proposal warrants further scrutiny. It is suggested that a letter be sent to the Secretary General of the Department of Jobs, Enterprise and Innovation stating that the committee is keeping a close watching brief on all developments regarding the Commission proposal, in particular regarding the outstanding subsidiarity issues. The letter would also ask that the committee be kept informed on the legal implications of this proposal in Irish law and receive an update on the legal advice pertaining to limitation periods, joint and several liability and the proposal for a mandatory recognition of decisions of non-Irish courts and competition authorities when considering private actions and damages by 27 August at the very latest. Does everybody agree that we send that letter?

Deputy Anthony Lawlor: Could we also make a note to the Department about the delay in sending it on to this committee? We should have been allowed to scrutinise this before.

Chairman: The Deputy wishes to record annoyance that it is so late coming to us.

Deputy Anthony Lawlor: Perhaps we should note that the Competition Authority should be notified.

Deputy Dara Calleary: That should be copied to the Competition Authority and a re-

sponse requested from it. This is potentially very important. People are not in a position to fully engage with the Competition Authority because of the fear of resources and that they are not being heard. This directive seems to have some sort of importance in that so I would like to hear from the Competition Authority.

Chairman: Are members happy that we will send a letter to the Department, noting the timeframe involved, and copy this to the Competition Authority and ask it to come back to us before 27 August with its thoughts and observations on this? Agreed. On foot of those answers we may decide to meet in early September to make a formal committee position on this issue? Is that agreed? Agreed.

Sitting suspended at 2.02 p.m. and resumed at 2.05 p.m.

Enterprise Ireland Annual Report 2012: Discussion with Enterprise Ireland

Chairman: We resume in public session for our discussion with Mr. Frank Ryan, CEO of Enterprise Ireland, to discuss Enterprise Ireland's annual report 2012 and developments to date in 2013. I welcome Mr. Ryan, Mr. Paddy Hopkins, secretary to the board, Mr. Tom Hayes, manager micro enterprises, and Mr. Eamonn May, manager of banking relationships and growth capital development, Enterprise Ireland. I apologise that we are a little late starting. Our private business went on longer than we thought. We were discussing some more issues about which we might be writing to Enterprise Ireland.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. However, if they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or an entity by name or in such a way as to make him, her or it identifiable. Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official by name or in such a way as to make him or her identifiable.

I invite Mr. Ryan to make his presentation to the committee on Enterprise Ireland's annual report 2012 and developments to date 2013. I thank the witnesses for coming in today. Hopefully we will try to meet on a more regular basis over the years. It is up to ourselves because Enterprise Ireland is always available to us and I appreciate that.

Mr. Frank Ryan: I thank the committee for the opportunity to attend. I am joined by colleagues from Enterprise Ireland who are present to assist the work of the committee. They are Mr. Paddy Hopkins, secretary to the board and manager of corporate services, Mr. Tom Hayes, divisional manager of micro enterprises and small business, and Mr. Eamonn May, department manager of banking relationships and growth capital.

Enterprise Ireland's objective is to grow jobs in Irish companies. For companies to grow their employment, they need to grow their sales. Export growth provides a sustainable route for companies to grow. If they win sales overseas, they will drive the growth of jobs here in Ireland. Enterprise Ireland works in partnership with our clients providing a cohesive set of

supports, both financial and non-financial, to help them start, grow, innovate and compete on global markets, thus driving economic growth and employment creation. Before I go into the detail of Enterprise Ireland's activities in 2012 and this year to date, as members will be aware, Enterprise Ireland has a key role in the delivery of the Action Plan for Jobs, first launched in 2012. Enterprise Ireland had responsibility for approximately a third of the action plan deliverables last year and delivered in full and on time the bulk of the actions assigned to it in 2012. Enterprise Ireland continues to be centrally involved in the Action Plan for Jobs this year with a significant element of the plan again falling to us for implementation. Of the 333 actions to be delivered in 2013, Enterprise Ireland is responsible for leading on 52 and will also actively contribute to a further 27.

Enterprise Ireland's client companies created 12,861 new jobs in 2012 resulting in a net increase in full-time employment of 3,338. The positive performance of Enterprise Ireland's client companies in 2012 was achieved notwithstanding the continuing economic challenges facing Irish companies both at home and abroad. Our client companies employ 145,460 people. The outlook for new job creation in 2013 is positive, although there remain significant challenges, particularly related to the ongoing uncertainty in international markets.

In Enterprise Ireland we understand that exports sustain and create jobs. Last year saw Enterprise Ireland's client exports increasing by €966 million to reach a record total of €16.2 billion. It is especially encouraging to see companies recording significant gains in established markets such as North America, 20%, and the high growth economies of Asia Pacific, 17%, and Latin America, 24%, in 2012.

While companies must remain strong in their core markets, we recognise the need to continue the diversification of exports from the UK and to respond to the ongoing weakness in the euro zone economy. It is vital for the recovery of the Irish economy that Enterprise Ireland's clients continue to win new business in high-growth economies. To this end 2013 will see a record number of ministerial-led trade missions with an increased focus on high-growth economies in Asia, Latin America and the Middle East. This will be backed up by a wide range of inward buyer visits, market study visits, trade fairs, embassy events and knowledge seminars, all aimed at linking Irish companies to international buyers, increasing the opportunities for export and job growth for Ireland.

Entrepreneurship is an increasingly important source of growth for the Irish economy and the entrepreneurs of today will generate the employment, sales and exports of the future. Enterprise Ireland works in collaboration with other State agencies and bodies to support entrepreneurs from the initial seed idea through to financial investment in high potential start-ups. Despite the challenging economic environment, ambitious entrepreneurs, with highly innovative products and business development strategies, are continuing to successfully build their businesses and their presence in export markets.

Enterprise Ireland's ten regional offices work closely with entrepreneurs, local development agencies and local representative bodies, such as the network of county and city enterprise boards, offering a wide range of supports for entrepreneurship. We also actively engage in creating and maintaining relevant networks that provide a pipeline of early stage entrepreneur inquiries. Our goal in these efforts is to ensure that Enterprise Ireland is well positioned to identify entrepreneurs with the capability to grow exports and employment in the economy.

In 2012, the level of start-up activity was very encouraging with a record 97 high potential start-ups, HPSUs, supported during the year. Of these, 12 were led by overseas entrepreneurs,

14 were spin-outs from research and eight were led by female entrepreneurs. They are ambitious companies with highly innovative products and business development strategies that will enable them to carve out a place in global markets. They are expected to create in excess of 1,600 jobs over the next three years.

In 2012, Enterprise Ireland continued to support very early stage companies through the competitive start fund by providing an equity investment along with an experienced business mentor to work with the companies during this crucial stage of their development. Last year there were four funding calls under the competitive start fund and focused on the ICT and industrial sectors and on female entrepreneurs. In total, 60 early stage projects were approved under the competitive start fund in 2012.

Last year also saw the launch of a €2 million community enterprise centre development programme to assist them in recruiting or retaining a strong business development function manager. The community enterprise centres provide space in a supportive environment for budding entrepreneurs and serve to help the development of entrepreneurship locally in urban and rural locations. Since the launch of the new programme, 46 managers have been approved for community enterprise centres around the country.

Innovation is at the heart of all entrepreneurship, be it in a high growth potential start-up company turning knowledge into solutions or in established companies that are constantly improving their products and processes and thus their ability to compete and win sales overseas. Innovation is, and will be, central to our success and we work continuously with our clients to support them to progress along the innovation ladder.

We support companies, not just in the area of research and development, although it is a central focus of the agency, but also on process innovation such as new business model development. In 2012 Enterprise Ireland provided support of €100,000 or more for 80 companies to develop new technologies and processes that will lead to job creation and increased exports. In 2012, 798 client companies were engaged in significant research and development of €100,000 or more with over 134 companies spending in excess of €1 million on research and development.

In order to promote business innovation with the ultimate aim of creating jobs, Enterprise Ireland also works with the broader enterprise base in Ireland including foreign-owned multinational corporations and the research community where we work in close collaboration with IDA Ireland and Science Foundation Ireland. The close working relationship is demonstrated by Enterprise Ireland and IDA Ireland's technology centres that work to an agenda defined and agreed by consortia of indigenous firms and multinational companies. The centres tackle problems that are prevalent in specific sectors or technology areas, for example, the costly issue of energy efficiency in manufacturing operations. In so doing the centres represent the best of Irish indigenous and multinational companies' researchers working together with academia to solve issues that are too big or costly to be solved by any one company working in isolation.

In 2012, three new technology centres were established in the areas of financial services, e-learning innovation and cloud computing. Last year Enterprise Ireland also supported the largest ever investment in research and development from an Irish company in a project that clearly demonstrates the link between innovation and growth. The Kerry Group has begun work on its global food innovation centre of excellence in Naas, County Kildare with 900 jobs. The initial investment is worth over €100 million and will be game-changing for the agrifood sector in Ireland.

The strength of a company's senior management team is a key differentiator of success. As the needs of our companies have evolved and become more diverse, we have responded, finding new ways of building management capability in our companies. Over 100 companies have participated in Enterprise Ireland's management development programmes so far this year, including Leadership 4 Growth, the International Selling Programme and others.

Enterprise Ireland offers a range of financial supports to assist clients through all stages of their business development cycle. The nature and level of support offered to clients will depend on the individual company's development needs and is assessed in consultation with their development adviser.

In addition to providing direct financial support to companies, the State, through Enterprise Ireland, has invested heavily in stimulating and facilitating Business Angel and seed and venture capital initiatives to provide access to finance for SMEs. In May 2013 the Government launched the fourth seed and venture capital scheme 2013-18 that is valued at €175 million. The scheme is aimed at providing additional funding for high growth Irish companies with the potential to generate large amounts of additional export sales and grow jobs. It targets an additional €525 million in funding from the private sector that will mean a total of €700 million will be available for investment over the lifetime of the scheme.

Enterprise Ireland client companies are located in every county and continue to make a substantial economic impact at a critical time in the State. Enterprise Ireland's clients account for over 300,000 direct and indirect jobs and spent €18.9 billion in the economy in 2012.

We are keenly focused on our ongoing mission to support companies and support employment creation. Notwithstanding progress made during 2011 and 2012, in the future Enterprise Ireland supported companies will have to scale significantly if they are to continue to win out against global competition. In this regard, access to finance to fund export growth will be a key determinant of success as will the composition of the senior management teams and the leadership and ambition of the boards of emerging Irish companies.

Chairman: I thank the CEO for his presentation. I now call for questions from the members, commencing with Deputy Calleary.

Deputy Dara Calleary: I welcome the Enterprise Ireland delegation and apologise that I will not be here to listen to the second part of the session. I also wish Mr. Terence O'Rourke well in his new post of chairman designate. He has an excellent set of qualifications. I did not know whether he would attend as his county is not used to success in Gaelic football but I wish him well. He has the task of filling the shoes of Mr. Hugh Cooney but I have no doubt that he will succeed.

I also wish Mr. Frank Ryan well. At a time where it has become fashionable to kick the public service he is an example of someone who has contributed an enormous amount to Irish public life. He reeled off a pile of figures but his imprint is all over them because he did a good job steering Enterprise Ireland during his tenure as chief executive officer.

The Secretary General is present and I hope I hope we can retain his skills somewhere in the public service. I hope he will listen to me when I say it would be a good investment for the country to keep Mr. Ryan involved, at some level, in order to drive the enterprise economy forward. I wish him every health and happiness as he moves on to the next stage of his life.

I have a few questions for Mr. Ryan. He guided Enterprise Ireland, particularly over the

past few years, and is now prepared to move on. Has he seen companies change their approach to the applicant process and growing a company? Are people more comfortable when dealing with or approaching an international market?

We have engaged previously with Mr. Tom Hayes on the following matter. There is no doubt that Enterprise Ireland is skilled in assisting companies who want to export and the old county enterprise boards will be under its wing and transformed into a local enterprise office, LEO. Will a company that is happy to stay in Ireland and grow its home base be comfortable within the Enterprise Ireland family? Is there a place for it in the family? County enterprise boards have done a lot for indigenous companies but are now being subsumed into a broader family. Can an assurance be given that an Irish company which is not interested in exporting at present will find a good home in Enterprise Ireland?

Mr. Frank Ryan: I will take the first question and then I will ask Mr. Tom Hayes, who has been centrally involved in the work on the CEBs becoming LEOs, to take the second part of the question because it would be more informative that way.

I have seen huge changes over the ten years in ambition and in innovation. There has been considerable progress on leadership among the senior management teams of the companies and considerable progress on export spread, or on our international trading footprint. If one goes back ten years to 2003, essentially, 50% of everything we exported from the indigenous companies went to the UK. That percentage is now down to 38%, notwithstanding that exports to the UK have increased by €1.5 billion in the meantime. Exports to the UK have grown, as have those outside the UK. Now 62% of our exports do not go to the UK.

The end of 2012 saw us, for the first time, break through the €1 billion barrier in terms of exports to Asia and the €0.5 billion barrier in terms of the Middle East. As I leave Enterprise Ireland, I am full of pride for the Irish companies which have gone to the coalface and made this happen. The increased exports about which we speak, of €16.2 billion, maintain employment and create jobs in Ireland and those companies are to be commended. I thank the Deputy for the kind words but I would say that I am surrounded by a great team of people at Enterprise Ireland who have gone out of their way to really deliver and they are a credit to the public sector.

Mr. Tom Hayes: We addressed this issue at a previous meeting of the committee. There have been, and will be, significant changes in the context of the county and city enterprise boards, where they are going and the evolution of the new LEO structure in which Enterprise Ireland has been centrally involved. The Deputy mentioned companies focused on the domestic market only. Our ambition and one of the key strategic moves we have made over the past 12 to 18 months has been to encourage companies which have a product or a service that is exportable to export. Just short of 18 months ago, we set up a potential exporters division to encourage and to help companies which were focusing almost exclusively on the domestic market to export. Over that period of time, we have gone around the country with export awareness events. We had 16 of those throughout the country and 15 exploring export workshops. We have brought over our team from the UK to help them to understand the dynamic of the UK market to make exporting that little bit easier. We have assigned advocates and mentors to well over 100 of those companies.

I suppose the most radical change has been to move from a one-to-one to a one-to-many scenario. We have Get Export Ready, which is online and at which companies can look. It is a kind of export health check for companies to see where they are. One aspect of it is to encourage that cohort of client companies which have focused almost exclusively on the domestic

market to get export ready.

I could spend a long time talking about the changes which are under way. Significant work has been going on in the background in regard to the legislation. The framework service level agreement, which will operate between ourselves and the LEO network, has been published. The new logo has been published. We are working on the website which will unify and bring together all of the CEBs. Rather than have them operating individually, they will be able to share from one website platform.

To directly answer the Deputy's question on companies which focus exclusively on the domestic market, we want to help them to become better companies through our centre of excellence. We are working on establishing a centre of excellence to ensure that each company, irrespective of whether it is the Kerry Group or somebody who wants to start a business to sell locally, has the proper business functions and structure and that it can find the proper information so that it has ready access to the knowledge and information it requires.

Appreciating the tremendous work the CEBs have done over the years, we want to build on it, enhance it and strengthen it to ensure that all companies in the State which want to start a business are looked after, irrespective of whether it is the domestic market only or whether it has an export ambition as well.

Chairman: The next set of questions is from Senator Trevor Ó Clochartaigh who is substituting for Senator David Cullinane.

Senator Trevor Ó Clochartaigh: I will try to do so but Senator Cullinane is not the easiest man in the world for whom to substitute.

I echo the sentiments expressed and wish Mr. Ryan luck in whatever he turns his hand to. I thank him for his great work and for his presentation. I will be a bit parochial today. If people went to Galway today where the Arts Festival is taking place, they might think the place was booming. However, looking at the distribution of jobs and the figures presented for the west, in particular, the net change is quite low compared to other regions. It is a net change of 43 jobs. We had 798 employment gains and 755 losses. Is there a reason for that? Perhaps Mr. Ryan might give us an indication, in terms of job creation, of the spend per region and how it is worked out. What is the cause for the minimal improvement in the west? Is there a reason for that? Does Mr. Ryan have any specific plans for the west to try to redress that figure?

In terms of the broader picture, it is very heartening to see that we still have exports of more than €16 billion. That is very good given the trading circumstances we are in. I refer to the slow down in the global economy, in particular in Britain, the EU and the USA. Where does Mr. Ryan see the scope for EI-supported businesses to build their market share in those markets, in particular given the difficult trading circumstances and the decline in the economies in those areas? What is the value for continual export growth in the emerging markets, in particular in the BRIC countries?

Mr. Frank Ryan: I will take the second question first. There is a lot of talk about the BRIC locations. If one looks at our overall portfolio of client companies, approximately 15% of our portfolio is high growth companies, approximately 10% is very large companies, such as CRH and Glen Dimplex, and in the middle is a giant number of established SMEs, the majority of which are family owned. We have to be realistic about our starting position in regard to what we can achieve.

We want to see more exports to the BRIC locations but it is not for everybody in the audience. It takes approximately 18 to 24 months to get one's first contract and it is unlikely that one will make money from it. One is talking about funding one's expansion into the BRIC locations.

We see great potential for near Europe, which is something that should not be forgotten. There is still considerable potential, in particular in France and Germany, for further export growth. Some BRIC locations are more appealing than others right now. We have made very good progress in China but that is because there has been a sustained focus on China. We had an incredible coup last year of having the now President of China, Xi Jinping, visit Ireland for three days. That got Ireland known in China in a way that we could not have possibly imagined before.

We are now making good progress with Brazil. We have agreement with the Brazilian education authorities and an increased number of Brazilian students will come here for third level education. We are making solid progress in the Middle East. We would hope that one of our first major trade missions next year will be to the Middle East and will include the Kingdom of Saudi Arabia, Qatar and the United Arab Emirates.

Russia has always been an attractive market for us. India has proved challenging, but we have had a breakthrough in respect of Indian students wishing to come here to be educated. There is a range of companies and we look after 22 industries. They have different interests in different places. It is essential that we continue to grow our trade with the UK and that we continue to grow our trade outside the UK. It is that kind of balanced portfolio of trade development that we want to see happening. It is not too long ago that our exports to Asia would have been worth less than €300 million, not to mind €1 billion, so things have changed rapidly. Around 40% of our overseas offices are now located in the BRIC countries or the Asia-Pacific region. Our deployment of human resources in that region is ahead of our trade levels, because we see the potential there. Irish companies now have to travel further from home to get into economies that are growing strongly, because the euro economy is not growing at the moment.

Senator Trevor Ó Clochartaigh: What is the potential for companies operating in countries that are in recession or relative decline, such as the UK or the US?

Mr. Frank Ryan: I try to remember our size and that we have a population of 4.6 million. The UK could go into a small decline relative to the size of its economy, yet we would still have many opportunities there. We are growing our exports to the UK at the moment and there is no reason we cannot continue to take market share. Enterprise Ireland supported companies grew their exports last year by 6.3%, whereas world growth was 3%. It is safe to conclude that Irish companies are increasing their market share. We can do that again but it will be the innovative companies that have invested in research and development across their value chain that will be leading those exports.

Mr. Tom Hayes: I have figures for every single county in Ireland, but I am not sure if it is worthwhile going through each one of those right now. However, we try to ensure that there is a regional spread of entrepreneurship emanating from the west. We have an office with a director based in Galway. We have supported a number of community enterprise centres in Galway and in some of the other counties like Roscommon, Mayo and Leitrim. We work with the university to support the incubation centre. We work with institute of technology in Galway in the New Frontiers Programme, which is our flagship programme in supporting early stage start-up companies. These consist of individuals with good business ideas. We provide training in all areas

of business and mentoring, networking with other entrepreneurs and introduction to investors.

We have had a specific call for competitive feasibility within the regions. We piloted this in the south east and we extended that to cover practically all regions in Ireland. We got a very good response in the west and a number of those companies are being supported. Those companies that do not exhibit the ability to grow in scale are working with the local county enterprise board. We have worked with third level institutes North and South of the Border in the Think Outside the Box awards. We had over 400 applications. Last year's winner was from NUIG and we had already supported that company. Although the company was run by students, they have been so innovative, they have since formed a business and are developing that in NUIG. This year's awards took place in Galway as well.

We want to support the regional networks and hubs. We want to ensure that entrepreneurship and the existing client base is well supported.

Mr. Frank Ryan: We made €5.2 million worth of financial approvals to Galway in 2012. That is the third highest in the State on a county basis. It was also over €5 million in 2011 and again was the third highest in the State. A large group of our client companies located in the west region are located in Galway, especially in the area of medical devices. Therefore, Galway is the beneficiary of ongoing high approval levels from Enterprise Ireland.

Senator Trevor Ó Clochartaigh: Is that not contradicted by the fact that there is only a net change of 43 jobs, compared to changes of 1,500 in Dublin and the mid-east, and 470 in the Border areas?

Mr. Frank Ryan: Last year was the first year since 2007 that we have seen employment growth. While the exports had been doing very well heretofore, the domestic market has been pulling performance down. We are getting to the point where we are starting to see employment creation in our client companies and we are seeing it again in the first six months of this year.

Mr. Tom Hayes: Roughly 75% of what most of those companies produce is exported. Those companies have to go out and win that business every day against very severe competition around the world even to sustain the jobs that they already have, not to mind increasing new business. They have done particularly well to sustain to increase modestly existing job numbers.

Deputy Seán Kyne: I welcome Mr. Ryan and his team from Enterprise Ireland. I compliment them on the very readable annual report and on their work over the last few years in job creation. The €6.2 billion worth of exports to the UK is obviously very important. What implications can future growth in the UK have on that? What implications might an in-out referendum on Europe in the UK have on these exports?

I hope I do not see negative press commentary about 43 jobs. Jobs growth is important and we have had ongoing investment, so the fact that Galway has the third highest investment is very important. I know that the IDA had an excellent year for jobs growth in Galway. The agrifood sector consists of 53% of exports. How is the agrifood sector doing in respect of the breakthrough in China? Ireland is a lead exporter in baby formula and so on, and has that market been accessed?

The report stated that Enterprise Ireland will be part of the group to review availability of appropriate finance for international trade, and will be looking at a number of options. During the Irish Presidency, the competitive council announced a new loan facility. Has Enterprise

Ireland had any soundings on how that might work? How important is the interaction between Enterprise Ireland, Forfás and the IDA? How do they complement each other?

Page 74 of the report refers to a contribution to the Exchequer of €15 million coming from the sale of investments, financial support refunds and the disposal of equipment. That is a considerable amount. Are there particular items which account for it?

Mr. Frank Ryan: The United Kingdom will always be an important market for us and it is a valued export market for Irish companies. In the same way Denmark has value because of its close proximity to Germany, the German market and the opportunities there. Primarily, the UK is the first market that any company exports to out of Ireland. There are exceptions in North America in the information and communications technology sector but the general rule is that the UK is the first market. As a result we have divided our resources in the London office and established a dedicated team to assist companies with their first exports to the United Kingdom. We also have a dedicated team with companies that are established in the UK which wish to grow their market share further. This links to our focus on reaching out to every company in Ireland with the offer that if they have a product or service which they believe they can internationalise and sell overseas, then we want to hear from them. That work is done by our potential exporters division and it has a particular focus on the United Kingdom.

Agrifood exports grew by 2.3% last year while non-food exports grew at a rate of 11%. The 2.3% increase is down on the normal export growth for food, primarily because of the weather. Since May 2012 the weather has not been supportive of the farming community and the volumes are down because of that.

It is clear to us from our contact with the Chinese authorities and representatives that China has a major regard for the quality of the food products from Ireland and for the level of output that Ireland has achieved in the food sector *vis-à-vis* our size and scale. One of the most highly value-added products that comes out of the agrifood sector in Ireland is infant formula. Currently, we supply one in seven children in the world who are fortunate enough to have access to infant formula. When the Danone facility in Macroom comes on stream fully one in five children in the world fortunate enough to have access to infant formula will be supplied from Ireland.

Our work with the Kerry Group and the major investment in Kildare and Glanbia and the major investment in Belview in south Kilkenny means that we mine this increase in output for the maximum value-added products that we can get out of it. There are certain commodities that come out of the value-added process and these are by-products of higher value items. This is something we are totally focused on in respect of what we are trying to achieve.

I will hand over to Mr. May presently to ask him to talk about access to finance and that part of the question. Then I will hand over to Mr. Hopkins to discuss the notes to the accounts. There is a close working relationship with Enterprise Ireland and its parent Department. Ultimately, we are an agency of our parent Department, as is IDA Ireland, Science Foundation Ireland and Forfás. Forfás has now been incorporated within our parent Department and work on that is advancing apace. We are a close family. We are now working in a major programme with IDA Ireland on increasing the amount of goods and services supplied from indigenous companies to multinational companies. We work with IDA Ireland on joint strategies because no longer can we have the days when overseas companies went to one room and indigenous companies went to another room. We need them together. The technology centres project we are doing with IDA Ireland is a perfect example of how that is working. Science Foundation Ireland is increas-

ingly producing spin-off opportunities and companies from its research investment. We are the commercialisation arm that receives those opportunities and works with them. Therefore, there is a close working relationship with those agencies and with our parent Department.

Mr. Eamonn May: Access to finance is a critical issue for all our exporting companies. As Mr. Ryan cited in his initial introduction, we are part of the State family and we work closely with our parent Department, the Department of Jobs, Enterprise and Innovation. The Action Plan for Jobs cites an action in respect of the establishment of a group to examine the area of export finance. Specifically for us, the issue is working capital for exporters, particularly in respect of pre-shipment finance.

Another aspect of the family is the wider group. Enterprise Ireland is a participant with the Department in the small and medium enterprise State bodies group chaired by the Department of Finance. We feed our view in terms of the challenges that our clients have around access to finance into that group on a regular basis. It involves a wider group not only ourselves but the National Pensions Reserve Fund, the Central Bank, the Department of Education and Skills and Forfás. There are nine agencies involved and the group is chaired by the Department of Finance.

There are two strands to the issue of access to finance. One is bank finance and the other is non-bank finance. Some good initiatives have been taken in respect of micro-finance for smaller companies at the micro level. That initiative is well and truly active now. Another initiative is the loan guarantee scheme which is managed by our parent Department and that is up and running too. Yet another is the recent National Pensions Reserve Fund announcement relating to restructuring and turn-around funds, etc. There is an active engagement going on in this area but from the point of view of exporters, access to working capital to support growth in future is central. For a specific cohort of companies we have an ask in respect of provision of bond facilities.

Reference was made to loan facilities. I assume the Deputy was referring to the European Investment Bank commitment of €10 billion to small and medium enterprises throughout Europe in the coming years. As one of the actions being taken by the SME Stage bodies group and the Department of Finance that facility is being examined closely to see whether it can be exploited in the context of Ireland to deliver some level of additionality to the marketplace in terms of finance in the economy.

Deputy Seán Kyne: Is Enterprise Ireland happy with the banks? The banks tell us that they are providing all that they are asked for, etc., but SMEs tell us that is not the case.

Mr. Eamonn May: I will try to be clear about it because it is a well-documented area. I believe they are making efforts to be more effective. Certainly, they are providing funding to low-risk and medium-risk projects. We see a challenge with the cases involving more challenged companies. They need to be a little more proactive in terms of resolving some of the legacy challenges that exist in those cases. In many cases they are viable businesses and they have capacity for future growth but there is a place for both bank and non-bank interaction. There is a requirement for creativity in terms of solutions but there needs to be a solutions-focused approach.

Deputy Seán Kyne: These are Enterprise Ireland client companies. Does that have an added impact in terms of the banks deciding that they are reputable, honourable, trustworthy and so on?

Mr. Eamonn May: Since the crisis started we have built relationships with the banks for specific reasons to do with ensuring challenges are considered at a senior level in the banks. We are confident that they are taking on board our participation. We are not micromanaging that and we have no wish to do so. They must make the decisions themselves independently but we give them our view and we help them where we have knowledge to add. Where clients gives us consent we will support them as best we can. Our interest is primarily in the export and employment area.

Mr. Paddy Hopkins: Reference was made to refunds to the Exchequer. The way Enterprise Ireland funds its operations is that we get an amount of grant-in-aid each year. In addition we have some own-resource income and we are allowed to retain that up to a specified limit. Once we go over the specified limit we refund any excess to the Department. Note 10 on page 74 has several headings. Basically, it relates to the sale of shares and investments. No equipment was disposed of as such and we do not have any equipment as such.

Deputy Anthony Lawlor: I welcome the report and the work that has been done by Enterprise Ireland not only in the past year but in recent years. Enterprise Ireland, IDA Ireland and the enterprise boards have worked hard to identify areas in which job expansion can be created and I welcome that. I could get parochial and refer to Naas but I will not because there may be a Kerryman in the area who might attack me.

The Enterprise Ireland representative referred to one aspect which he found to be very successful, that is, when the organisation opened up for female entrepreneurs last year. He said it was a highly successful venture.

Will it continue this year? It was oversubscribed.

I refer to young entrepreneurs. We have found younger people who do not have a credit rating or a track record find it difficult to source funding. UCG was mentioned, where a group of young people, which the delegation then financed, came together.

I see that happening in all universities. Many universities have micro-companies which are spin-offs from research which is taking place. Those aged under 25 years have a lot of good ideas but do not have a track record. They may be associated with internal markets. Will something be available for that cohort in the future?

I referred to the Kerry Group. Spin-off industries may be associated with it. Throughout the country where large multinationals are located there are spin-off businesses, which are small-scale companies which may be associated with and feed into a major company. How does the delegation see itself fitting into a role where it may support such companies, given that it works in conjunction with enterprise boards?

A number of large multinationals are located in my constituency. The overall budget for enterprise boards was cut last year. Can the delegation guarantee that the funding for LEOs will be maintained at the same level, if not increased? The one in ten companies working in Ireland rather than exporting from Ireland need to be supported. We need to stimulate the domestic rather than the export economy.

I refer to some specifics in the financial statement. A number of consultants are on a variety of sub-committees. When I was in Kildare County Council I was on my hobbyhorse about payments to outside consultants who were invited in.

I cannot see how much was paid to consultants in the financial report. I mean no disrespect to the chairman, who is part of KPMG, but how many were associated with KPMG? Since I was elected to the Dáil I have been on my hobbyhorse about the four major auditors, of which KPMG is one.

I do not mean to be critical of board members but there has been a 100% increase in the allocation of grants to board members, whether directly to their companies or companies with which they may be associated. Does the delegation have any comment to make on that?

Mr. Frank Ryan: I thank Deputy Lawlor. I will ask Mr. Hayes to comment on female entrepreneurship, even though I know Senator White is heavily involved in this area.

Mr. Tom Hayes: I will refer to female entrepreneurship, youth entrepreneurship and funding for CEBs and LEOs.

We supported female entrepreneurs through Going for Growth over the past number of years. We encouraged women to start businesses. Through Going for Growth we set up a network where women helped themselves through mentoring, encouragement and bringing in role models who built businesses.

About 18 months ago we put a real focus on female entrepreneurship, in particular with respect to innovative technology-led products. We found many businesses started by women tended to be smaller and local. There is nothing wrong with that, but the number of women participating in things such as our HP issue product was very small. We launched a competitive feasibility fund, followed by a competitive start fund exclusively dedicated to women. In 2011 8% of the total overall competitive start fund was allocated to woman. This year the figure rose to 23%, which is a very significant increase. In December 2010 there were seven female applicants for the competitive start fund and in March 2013 figure had risen to 33. We are also involved in a number of networks and sponsor a number of events which are exclusively dedicated to women. To answer the Deputy's question, we will continue that and ensure a higher proportion of those starting a business, in particular in the technology area, are women.

All of us can relate to the scourge of youth unemployment and want to encourage young people to not just think about a job or emigration, but starting a business in Ireland. A number of our programmes, while not exclusively dedicated to young people, comprise a significant proportion of them. We find younger people are applying for the competitive feasibility and competitive start fund because the barriers to entry are much lower. They can secure an investment of €50,000 for 10% of the business. It does not involve the normal requirements for a matching support; they put in €5,000. It is a much lower barrier.

I referred to two of the other programmes which would have a significant youth dimension, one of which is the Think Outside the Box awards, which operates at third level and encourages those in third level to think about starting a business. Over the past three, four or five years there has been a very significant increase in participation, which I have seen at first hand. Over 400 participated, which is a great response. The quality of those becoming involved has improved and they are much more likely to remain involved. It is fair to say that traditionally students entered such programmes as a rite of passage as they went on to get a job, but now are much more focused on starting a business. Many of the 150 involved in the new frontiers programme in nine incubation centres around the country which are attached to institutes of technology. Many of those involved are aged under 30.

On funding for CEBs and LEOs, there has been no decrease whatsoever in terms of funding. Even though we are in a transition phase, no one individual or company has been in any way disadvantaged as a consequence. Anybody who wants to conduct a feasibility study, expand job numbers, undertake research or participate in the various programmes run through CEBs can do so. We will fight and ensure that the budget for 2014 is on a par with that for 2013.

Deputy Anthony Lawlor: I refer to what was announced by the Minister last week with regard to the employment grant of €7,500. Will that assist CEBs and LEOs? They will not have to spend money on generating jobs. The funds could be used for something else.

Mr. Tom Hayes: The JobsPlus initiative specifically relates to taking people off the live register, whereas with the companies we support it is the companies' prerogative as to who they engage or employ. What the Minister announced last week is clearly directed at people who are unemployed for a certain period.

Chairman: Are members happy with the answers?

Deputy Anthony Lawlor: There are a lot more questions.

Chairman: I was trying to expedite matters.

Deputy Anthony Lawlor: Are you protecting them, Chairman?

Chairman: I was giving them an easy run.

Mr. Frank Ryan: We are delighted, as I know the Deputy is, about the decision by the Kerry Group to proceed in Naas. It is a major breakthrough. We do expect a spin-off for companies in that regard, or certainly a spin-off in terms of employment. In the same sector we would expect between 0.5 and 0.7 of an additional job to be created for every job that is within the Kerry Group. It may not be a case that an entirely new job or new company is created, as there are existing suppliers. One could expect that a reasonable amount of the raw material for the facility would be supplied within the region if not the county. Through the CEBs and shortly through the LEOs we want to help smaller companies to grow. If one is supplying a product or service to a company such as the Kerry Group, there is a good chance that one might be able to sell it internationally. In Enterprise Ireland we want to see that coming through from the very good work of the CEBs.

Reference was made to the sub-committees. We have three consultants who are paid a fee for their attendance on the investment committee. No other consultant on a committee is paid anything. We want outside people to be on the majority on our committees, in other words that internal committees are not making decisions. The workload of the investment committee, whose responsibility is devolved from the board, is to deal with the vast bulk of the cases on hand. In any 12 month period we deal with between 3,000 and 3,500 companies. The investment committee meets every two weeks and it has a large workload. It would not be unusual for between 30 and 35 cases at one time to be up for discussion by the investment committee. Due diligence has to be done on all of those cases, as a business recommendation and we must have outside people who are willing to do that on a two-weekly basis, for which they are not paid an exorbitant fee. The three roles are put out to public tender approximately every two years. Anybody else who is listed as a consultant is such in their private capacity but they are not paid for any service they provide to other committees.

I do not have the detail of board members' interests. It is almost impossible to get a board

member in the State who is not connected to something else. We would be happy to supply the information. As part of our corporate governance procedures they are required to make that information available on an ongoing basis. We would be pleased to write to the committee with the information.

Deputy Anthony Lawlor: The general comment is that expenditure on the item increased from approximately €6 million in 2011 to €12 million in 2012.

Mr. Paddy Hopkins: Deputy Lawlor is correct. As part of our ethics in office structure, any board member would be excluded from a meeting where he or she is associated with a company. We have a detailed schedule containing the information and we will let the committee have it. The totality of the transactions relate to each board member. We can let the Chairman have it.

Deputy Áine Collins: I welcome Mr. Ryan and his colleagues to today's meeting. I thank him for the annual report. I compliment him and wish him well in his new role. I also thank Mr. Ryan and his team for always being so courteous to me when I visited Enterprise Ireland. I also say well done on Enterprise Ireland's penetration into China, Asia and the Middle East because that is where much of the new export business will come from.

My questions relate to funding. The witnesses will be pleased to hear I will not mention mentoring today. We believe that issue is finally heading towards Forfás and we hope to have results on it. We know that a lot of the jobs will come from entrepreneurship. I appreciate that Enterprise Ireland and the LEOs do provide grant aid. I accept we have the microfinance fund and all the other funds that are available. However, we still seem to have a big problem filling the gaps where Enterprise Ireland or what will be the LEOs provide funding. It is difficult to match funding or bridge funding. Has Enterprise Ireland seen any results on the banking front? The statistics still show that 96% of funding for all new businesses is coming from the banks. In order to be a truly entrepreneurial country we need many different forms of finance to penetrate and to turn all the research and innovation into a commercially viable state. I do not look for specific replies; I am just looking for the views of witnesses on the issue and what additional work we can do.

Venture capital has been a long-running issue. There is a huge gap in 1:10,000 venture capital. When we get investment in that space it usually ends up being an American or other foreign national company whose first step is to repatriate the headquarters out of Ireland to their country. We seem to be losing many potential jobs.

I examined the National Pensions Reserve Fund, NPRF, investment, which focuses on equity. It was only set up in the second quarter of last year and perhaps it is too early to see whether there is any knock-on effect from that. Is it targeting this area and what is the outlook?

I am very much aware of innovation vouchers. They have done much great work. I was in a university recently where I heard that innovation vouchers have become very bureaucratic for the amount of money involved. Is there a way of simplifying the bureaucracy in the system for both the company involved in securing a €5,000 innovation voucher and the university that is doing the work? The belief is that if the system could be streamlined then more could be done with it.

Mr. Frank Ryan: I thank the Deputy. In overall terms, in terms of where we are now in funding, we are not going back to the old model that was heavily debt-based. I cannot see the banks going back to that. The progress that has been made in the past 18 months has been sig-

nificant in terms of the funding that has been made available for SMEs. I refer to microfinance loans, the credit guarantee, and the very active involvement of our parent Department, the Department of Jobs, Enterprise and Innovation, with the Department of Finance and the National Pensions Reserve Fund. The size of the new funds to help SMEs is of note. The SME equity fund recently announced by the NPRF was €300 million. The better capital fund is €100 million. The small credit fund is €540 million. One should note in particular the SMEs that need to restructure on the work of AIB and the European Investment Fund, EIF. The funds are all to be welcomed. The Government announcement that Enterprise Ireland is to receive €175 million for investment will leverage the funds further. Perhaps the places that people in the past have looked for financing is changing. Business angels will be far more important as regards matched funding. There will be a different way of funding one's company in the future.

Worldwide, the exit mechanism for most high potential growth companies is through trade sale. There are very few IPOs worldwide. We lost a fair number of companies out of our portfolio that went into the portfolio of IDA Ireland through the acquisition of the companies here. Cúram, our largest software company, was bought some time ago by IBM. ChangingWorlds was bought by Amdocs. Havok Inc. was bought by Intel. It is a very active market. We are now producing the quality of companies in this country that someone wants to buy. There is a certain acid test associated with that which is welcome, although we would like to see more Irish companies IPOing, as set out in the Action Plan for Jobs and we hope to see the ecosystem for that in place by the end of this year.

Innovation vouchers are a bit bureaucratic, but at the end of the day it is taxpayers' money and we must be able to appear before the Committee of Public Accounts and say something has been done properly and the money has been expended properly. I would like to think that as the universities get more accustomed to doing innovation vouchers - it is the institutes of education, IOTs, that have led this - the system will become simpler when it is more regular and familiar. We would like more universities to engage in innovation vouchers because it has been a successful intervention to date. Mr. May might wish to add to that.

Mr. Eamonn May: In the past three years Business Angels has seen an increase in the activity in that space, which is desirable. Last year 30 deals were done in which Business Angels was involved. It invested €6 million or €7 million in those projects, which was a good development, and we see it adding value not just in terms of capital but its industry expertise also.

The other area which is embryonic, and it will be interesting to see how it plays out internationally, is crowd-funding. It is interesting to note that there is an entrant here, which is small but which will chip away at the establishment, as it were, in terms of bank finance but the regulatory regime will be the issue for crowd-funding internationally.

The Innovation Fund for Ireland, alongside the National Pensions Reserve Fund, attracted some international venture capital, VC, firms into Ireland such as DFJ Asprit, Sofinnova etc. They will write larger cheques, and the Deputy spoke about the €1 million to €10 million space. Investable companies are what is required and if the projects are strong and investable, they will attract the capital. We are currently in the process of evaluating some propositions around this seed and venture capital space, specifically with regard to the venture rather than the seed space, which is much lower. It is in the space the Deputy spoke about, namely, the €1 million to €5 million ticket size.

Deputy Áine Collins: I imagine it is too early to see penetration in that.

Mr. Eamonn May: They are five year investment periods and therefore they take some time to put the capital into the market.

Chairman: That concludes the questions. I am conscious that Senator Mary White wanted to ask a question. Mr. Ryan is staying for the second session and he might take a question from the Senator at that stage as she has strong views on the entire area. I thank the witnesses for attending.

I will make some observations. There is a great opportunity with the local enterprise offices, LEOs. We have had discussions with Mr. Ryan and others about people's concerns about those but overall they represent an opportunity, and I believe they will work. However, it is important that we instill confidence in the early days to ensure business people, and potential business people, that the LEOs are there for them and that they will work. I have no doubt they can work, and there is an onus on all of us to make sure we work hard to send out that message.

Regarding the figures for last year, almost 4,000 net jobs is a great achievement, and we are looking at a better year in 2013. I understand that represents a great deal of hard work on the part of Enterprise Ireland and its teams in what is a very difficult trading environment. It would have been welcome if the figures had remained the same but an additional 4,000 jobs at the end of the year is an achievement, and well done in that regard. I am aware Enterprise Ireland is involved in mentoring business about lean manufacturing, re-engineering and so on but as an organisation it has taken a lean approach and has made do with fewer staff. I compliment the work of the teams and much of the reorganisation in Enterprise Ireland occurred under Mr. Ryan's watch. That achievement will stand to him. Along with other members I wish him well in the future. He is not gone yet and therefore we can raise other issues with him but on behalf of the committee I thank him for all his work and look forward to dealing with him in other fora. We will continue to work with his colleagues. That concludes this session.

We will begin our second session, which is a discussion with Mr. Terence O'Rourke, chairman designate of Enterprise Ireland. I welcome Mr. O'Rourke who is joined by Mr. Frank Ryan, chief executive officer, Enterprise Ireland, and Mr. John Murphy, Secretary General, Department of Jobs, Enterprise and Innovation, who is here for the second week in a row. Mr. Murphy is welcome. I read the note on the Defamation Act at the start of the meeting and therefore I call Mr. O'Rourke to make his presentation to the committee following which we will have questions from members.

Mr. Terence O'Rourke: I am honoured to have been asked by the Minister, Deputy Richard Bruton, to become chairman of Enterprise Ireland. I thank the Chairman and the members of the committee for the invitation to come before it today. It is a privilege for me to be here.

If it is not too self-indulgent I take this opportunity to introduce myself to the committee, provide it with an overview of my professional background, and give it my initial impressions of Enterprise Ireland. I appreciate the members have just heard a comprehensive briefing from the Enterprise Ireland chief executive officer, Mr. Frank Ryan, and his colleagues. I will also outline the key areas of focus I see for the organisation for the next few years as well as the role of the chairman in addressing them. Following that I would welcome any questions the members may wish to ask.

I grew up in Inniskeen, County Monaghan - I am very proud of my native county this week - the second son of seven surviving siblings; I have four brothers and two sisters. After completing primary level in the local national school I went to boarding school in Castleknock

College in Dublin, after which I studied economics and history in UCD. It was the mid-1970s, post the first oil shock, and career opportunities were scarce in the country. For me it was a choice between the Civil Service and something related to business. Although my academic qualifications were not in the commercial area I had grown up in a family business and when it was suggested to me that a route from my arts degree to a possible business career might be through an accountancy qualification, I decided to do that. After qualification I could then decide the track to further follow.

I should explain that my father owned and managed two small mills in Inniskeen and Dundalk making animal feed as well as oatmeal and wheaten meal for human consumption. I grew up helping out in the mill, working with the lorries delivering pig and poultry meals throughout counties Monaghan, Louth and Cavan, and in the office. The business had been founded by my grandfather but it has not survived to the third generation as larger, more ambitious companies squeeze out the last water mill on the River Finn and a slightly larger Dundalk-based companion.

As well as growing and developing the family milling business, my grandfather had been one of the consortium which rescued Belleek Pottery in County Fermanagh in the early 1920s, and subsequently my father had been chairman of that world-renowned family-owned Irish craft business. Thus, I grew up in a household that debated the challenges and opportunities of developing a privately-owned business in the face of fierce competitive pressures, an environment that characterises most indigenous Irish companies. The importance of export markets was also brought home by the exploratory shipping and branding of Irish porridge oats for the United States in the 1960s and the strong if modest continuing demand for Belleek's unique charms from its devotees overseas, mostly in North America.

When I successfully qualified as a chartered accountant in 1979 with a leading Irish firm, Stokes Kennedy Crowley, or SKC, later to become KPMG, I decided it would be good for me to get broader experience by spending some time abroad. I was lucky to get a post with KPMG's office in Boston, Massachusetts, where I spent almost two years getting to see from the inside the remarkably robust and vibrant US economy. When that posting finished I was expected to bring back my additional experience and expertise to the Irish firm. Given the very tough economic conditions of the early 1980s, I resisted the temptation to return to the by now struggling family businesses and decided to invest further in my professional career, still unsure as to what should be my medium or long-term career horizons.

I found that I got to love the challenges of auditing and devising a portfolio of Irish and foreign-owned businesses and progressed within KPMG to partnership in 1988. My clients ranged from large foreign direct investment, FDI, companies, public limited companies, PLCs, State-owned commercial enterprises, and banks, insurance and investment management firms, starting with the nascent IFSC, to entrepreneurial, privately-owned successful and growing indigenous companies. I was elected managing partner of KPMG, a role equivalent to chief executive in a company, in 2006. I was re-elected in 2009 for a second term, and I have just completed a second and final term in that role, and am retiring from the partnership of KPMG at the end of April.

KPMG is among the largest professional services firms in Ireland, with approximately 80 partners and 1,800 staff. As managing partner of KPMG I have also chaired the KPMG Ireland executive team and the firm's elected board. As a senior partner in the Irish firm I was a member of KPMG International's 25-person global board and, separately, the EMA board, as well as being one of the ten country senior partners who are members of KPMG's global executive

team, the top governance body of the global network of our firms. That experience gave me contacts and insights into business and economic developments in developed and developing countries around the world.

With reference to other boardroom experience, I am currently a non-executive director of The Irish Times Limited and of the Dublin Theatre Festival. In addition, I am a member of the council of the Irish Management Institute and the advisory board of the Women's Executive Network Ireland. I am also chairman of Enactus Ireland, an organisation which involves businesses supporting and sponsoring student teams - currently featuring seven leading universities in Ireland - to develop and put into action social innovation projects and programmes which address real social needs, using business and entrepreneurial principles and strategies.

I was recently asked to join the board of the Institute of International and European Affairs. I have been active in professional associations, thus gaining insights into the issues facing accountants advising Irish companies North and South.

I was chairman of the then Society of Chartered Accountants in 1990, and was elected to the council of the all-Ireland Institute of Chartered Accountants in Ireland in 1994. I was president of the institute in 2004-05. I have represented the institute and the Tánaiste's review group on Auditing 2000 which recommended the establishment of the current regulatory framework for auditors and accountants in Ireland.

Finally, I have been a board member of the Chartered Accountants' Regulatory Board since 2007. It is an innovation of the institute that acts as a separate group, with a majority of non-accountants, to develop and approve the detailed regulations and administer the inspection and disciplinary regimes for chartered accountants in Ireland.

One of the great advantages of having been an auditor and adviser is that I have had extensive experience and exposure to the corporate governance and business issues that a wide range of boards face both in the public and private sectors. I will be happy to expand on any aspect of my background. I have separately provided a detailed resumé to assist the committee in this regard.

I would now like to speak about Enterprise Ireland itself. Although KPMG has many interactions with EI, I was not deeply familiar with the details of the organisation, nor its detailed operating issues, prior to the beginning of the process. The several weeks since the Minister, Deputy Bruton, approached me about this role, have therefore been particularly interesting. I have met a number of the organisation's executives and have read as much about the business of the organisation as time has allowed.

Although my impressions at this stage are not as developed as I hope they will be in time, I would nonetheless like to share them with the committee. My strong impression is that Enterprise Ireland is a competent, well-run and effective organisation. The executive is sophisticated and dedicated and what it has achieved, particularly over the last four or five years, is impressive. I do not make this statement lightly and do so only by reference to my experience of other Irish and international companies of which we, as a country, should be proud.

The committee will have heard from Frank Ryan of the impressive achievements of EI over the last year when it supported client companies in achieving record exports of over €16.2 billion in 2012, while EI client companies also increased full-time employment to over 145,000 last year. Additionally, EI continued to be extremely active in such areas as funding early-stage

and high potential start-up companies, building leadership and management capability within companies, supporting research and development, transferring innovation from third-level research to real commercial exploitation, and investing in an increasing range and amount of equity and venture funds.

This is not to deny that EI needs to continue to sharpen its focus on a number of issues in the immediate period ahead. I see these issues arising under a number of different headings. The first of the issues is the appointment of a new chief executive. I know Mr. Frank Ryan and have seen his work and the team he has built around him. It is clear to me that he has been an excellent chief executive who will be particularly hard to replace. The identification and appointment of a new chief executive is a particularly important job for the new chairman and I intend to devote significant energy to it over the next while.

The second area of focus for me is maintaining a strong and effective board. The board is currently in some transition, with the terms of a number of members expiring this year, in addition to the completion of a successful term for chairman, Mr. Hugh Cooney, and Frank Ryan's own departure later in the year. It is, of course, a matter for the Minister as to who is appointed to the board but I intend to work with him to identify the optimal blend of skills and people to move the work of EI forward.

It will also be a central part of the chairman's role to continue to ensure strong communication and transparency between the organisation and the Department of Jobs, Enterprise and Innovation, as well as to engender a purposeful and cohesive dynamic in the EI board itself. Another area of focus will be to make sure that EI is collaborating sensibly and constructively with other Departments and agencies - especially the IDA and Bord Bia - and with the local authorities as they work on integrating the established strong network of county and city enterprise boards into the about to be established Local Enterprise Offices, or LEOs.

A fourth area of focus for me will be to help EI deal with the challenges that face management as it adapts and reshapes the organisation to reflect the pressure on resources, especially staff resources, that arises as a result of currently constrained Exchequer funding. Lastly, EI will soon be commencing the development of a new strategic plan for the period 2014-16, which will set out the priority areas for the agency to focus on over the coming three years and beyond, in order to drive entrepreneurship, job creation and export growth in an effort to deliver a significant and necessary contribution to the economic recovery of the State.

It will be a privilege for me to become chairman of Enterprise Ireland and to work with the board, the executive and the staff in the organisation. My goal as EI chairman will be to manage and lead the agency's board in an effective and efficient manner. Working closely with the board of the organisation and with a focus on the policy objectives communicated by the Minister, I intend to challenge and encourage the chief executive and the management team to continue to develop Enterprise Ireland in accordance with the country's needs, to provide a quality and supportive environment for ambitious indigenous Irish companies as they strive to make their way in the world, adding jobs and winning export sales for Ireland.

I thank the Chairman and other members of the joint committee for the invitation to appear before them today. I will be pleased to take any questions.

Chairman: I do not think Mr. O'Rourke has left many questions to be asked, as he has answered most things. As an observation, having gone through his background and all the organisations he has been involved in, it is probably just as well that Monaghan do not get to

too many Ulster finals and do not win too often, as there would not be time fit it all in. I thank Mr. O'Rourke for his presentation. He has left no stone unturned in giving us details of his background. It is clear to me that he will be the right person to chair Enterprise Ireland. There is no doubt about that. I now call on Deputy Áine Collins.

Deputy Áine Collins: I would like to congratulate Mr. O'Rourke and wish him well. I know he is highly regarded in the accounting world and I am sure he will do an excellent job. We look forward to working with him in his period as chairman of Enterprise Ireland.

Mr. Terence O'Rourke: I thank the Deputy and, equally, look forward to working with her.

Deputy Seán Kyne: I would also like to congratulate Mr. O'Rourke on his appointment. He has a comprehensive CV, including a suitable background in auditing and accountancy, as well as his family business. In addition, he also has a blend of international experience. I have a few questions to put to him. First, what challenges does he see facing Enterprise Ireland? Second, hopefully, we are seeing signs of improvement in the world economic performance. How does Mr. O'Rourke see that in terms of jobs growth, which is what we all want to see? Third, how does Mr. O'Rourke see the collaboration he mentioned between EI and the LEOs? Fourth, how does he view the jobs action plan? Fifth, what more would he like the Government to do to help jobs growth? Sixth, what attributes would Mr. O'Rourke like to see in a new chief executive?

Chairman: We will also take questions from Deputy Lawlor to add to that.

Deputy Anthony Lawlor: I wish Mr. O'Rourke the best of luck in the task ahead. The road ahead is not straight and there are many challenges facing the Enterprise Ireland board. I will not go back over my own views on KPMG and the three other auditing firms that were part and parcel of the downfall of the economy in not doing their oversight properly. I will make judgment on Mr. O'Rourke's own performance in the years ahead, rather than looking back.

As regards the appointment of a new CEO, Mr. O'Rourke will have a hard act to follow after the current CEO, Mr. Frank Ryan. What vision does Mr. O'Rourke see ahead for him that might change-----

Deputy Áine Collins: Or her.

Deputy Anthony Lawlor: I apologise. Let us use a neutral version, "them".

Chairman: The person.

Deputy Anthony Lawlor: What vision does Mr. O'Rourke see ahead for them in future with regard to the changing Irish economy, dynamism and the way forward?

Given his own background, what will be Mr. O'Rourke's input into the 2014-16 plan? How important will his role be in regard to that?

Mr. Terence O'Rourke: As regards the challenges for EI in the years ahead, one of the issues for an organisation like Enterprise Ireland - which has been acknowledged as successful - is to keep on doing that. Therefore one of the challenges for EI is to adapt to the changing world around us and develop further.

Enterprise Ireland is a complex organisation which has a breadth of responsibilities and programmes. They all interact with each other - including research, entrepreneurship and fund-

ing - yet they all need focus and dedication. One of the issues therefore is to ensure that EI is as coherent as possible in developing all its different programmes. They all need to be renewed, refreshed and reinvigorated as well as being connected. That will be a particular challenge for EI.

Deputy Kyne referred to world economic conditions. I spent last week in Singapore where one sees cranes on the horizon, which is amazing. It is a vibrant business centre. I met the EI representatives in Singapore who are plugged into the issues happening in the region. There are great opportunities there. Parts of the world are growing and we know about the emerging middle classes that will spend a lot more money on products and services over the next ten to 20 years. They will be situated in developing countries. The ASEAN region, which includes Malaysia, the Philippines and Indonesia, has a population in the hundreds of millions and offers significant opportunities for Irish companies. Economic conditions are challenging around the world. Europe's economy is particularly difficult or stagnant but America appears to be doing well and the east and south are moving ahead, although the road is not clear of challenges. The eurozone is seen as a political issue in Singapore because its growth depends on European stability and resilience. We are not yet out of the woods globally but there are numerous opportunities.

I have been involved in the implementation working group for local enterprise offices. Our challenge is to combine the best of county enterprise boards with the best of what was provided by local authorities. There will be great opportunities but they will require management and dedication. The centre of excellence to which Mr. Hayes referred will be very important, with Enterprise Ireland setting the framework and policies on a uniform and high standard of support for enterprise in Ireland. It could work very well but it will not be easy and will require people to put their shoulders to the wheel to get it under way.

The job action plan is comprehensive and detailed. Enterprise Ireland is involved in the majority of the actions and we have a number of tasks to monitor and progress. All of them are important but I question whether we should prioritise them by, for example, tiering them according to the most important actions. A number of areas are not in a satisfactory position and will have to be progressed. The action programme is a good way of setting clear targets and reporting quarterly. The discipline is welcome but the proliferation and breadth of the plan is an issue.

In regard to the abilities and vision of the new CEO, the most important ingredient is leadership. We have great talent and skills among the executives in Enterprise Ireland but the CEO will need to be a real leader who can align the organisation's activities and goals to make sure everyone is marching together according to its objectives. Managing relationships is also critical, including with the Department and the Minister and across the bodies such as Bord Bia. It is also important to maintain a relationship with the public. Mr. Ryan has done an excellent job in projecting Enterprise Ireland among the public and making sure people understand the important role it play. The new CEO should be able to convey that message and articulate the activities and ambitions of Enterprise Ireland in order to build community support for making the best of Irish business.

The plan for 2014 to 2016 is important in terms of recalibrating Enterprise Ireland. The strategic plan for the previous three years has been successful and the new plan will be developed by the end of this year. Executive management is responsible for developing the plan, with input from the Department and the political arena, but the board has a role in challenging and critiquing it. It is not a matter for the board to come up with the plan. We are there to ensure the process is sensible and that the appropriate inputs and ingredients have been included in

formulating the plan so that it is robust. I will encourage my fellow board members to poke at the plan to ensure it stands up to scrutiny given that the organisation will be measured against it in the coming three years. It needs to get the best out of the organisation and do the best for Ireland, but it also needs to be achievable.

Deputy Anthony Lawlor: I hope Mr. O'Rourke returns to the committee prior to the publication of the plan in order to brief us on it.

Chairman: We will arrange a meeting when the time comes.

Senator Mary M. White: The debate is ongoing on the abolition of the Seanad and it is important that I am available for votes. It may be the case that the Minister, Deputy Bruton, will be sacrificed on this issue. Time will tell. I have admired his performance in front of this committee but I am shocked that he has taken the position of director of the referendum for the abolition of the Seanad.

Chairman: I ask the Senator to confine her remarks to Enterprise Ireland.

Senator Mary M. White: I congratulate Mr. Frank Ryan on increasing export sales to €16.2 billion. That represents money for people in our communities who are buying goods locally and enhancing quality of life and the economy. It is an added advantage that many of our indigenous companies source locally. The increase in export sales equates to a net increase of 3,000 jobs. While I was researching my policy paper, which Fianna Fáil will launch tomorrow, I was struck by the major changes that have occurred since Connie Doody and I started out in the late 1980s. There is now a network of 28 offices and nearly 60 virtual offices that Enterprise Ireland operates overseas to provide access to markets and introductions to buyers.

I have come to the conclusion that we have to get indigenous companies to internationalise as quickly as possible. In our time it was done on a step-by-step basis. KPMG was good to us in terms of looking after our accounts for a very modest charge. Modern technology and cheap air fares have made a significant difference. When we started out in the 1980s it was very expensive to fly anywhere. Skype and other technologies offer significant potential for conference calls and meetings. There is no excuse for companies but they have to be pushed. I was pleased to learn about the launch of the new potential exporters division. This is a critical initiative. Irish companies account for just 10% of the country's exports. We must increase that proportion. The access that Enterprise Ireland is opening to overseas connections will create tremendous opportunities for companies to internationalise quicker.

I wish Mr. O'Rourke the best of luck. I know he will be excellent in his new role. I also convey my best wishes to Mr. Hugh Cooney and hope everything progresses well for him.

The county and city enterprise boards are doing excellent work on the ground but they need defined budgets. The Minister has indicated that he will introduce legislation in autumn but we cannot assign bureaucrats to do these jobs because they need entrepreneurial people like Mr. Ryan and the Enterprise Ireland team. Enterprise Ireland has to take personal responsibility in ensuring the right people work in the local enterprise offices. They will die otherwise. In my experience they are doing very well in terms of helping small companies.

I commend Enterprise Ireland on establishing a women's entrepreneur unit led by Ms Jean O'Sullivan. They have done amazing work. When the spotlight went on the women with the feasibility grants and start-up funds, they responded. In Ireland two and a half times more men start businesses than women. We are down at the lower end of the EU scale for this, just ahead

of Poland, France - which would not surprise one - and the Czech Republic. We are failing to tap into half the potential of the country, and we are not being competitive internationally, if we are not using women's talents and energies. That is what the Fianna Fáil policy paper, which is being launched tomorrow, is about.

I wish Mr. Ryan the best of luck. I have known him for a long time, probably 40 years. Ireland has been privileged to have had him leading the organisation. He is the highest-minded person one could meet. I formally thank him. He is a true patriot and brought the Enterprise Ireland team with him. Please God the person who gets the job in the future will be his equal.

Mr. Frank Ryan: I thanks the Senator for her kind words, particularly on the capability and professionalism of my colleagues. She mentioned the very welcome export increase, the increase in employment, which, I agree with the Senator, we are all about, and our overseas offices. We have had very good news in the last couple of days from the Secretary General on staffing allocations for those offices in due course, and we will have more about that later.

It is vitally important for Irish companies to internationalise as soon as possible. We are very pleased with the progress of the potential exporters' division. It is dealing with approximately 1,100 companies at various stages of initial inquiry to starting to export. That special team in the UK is dedicated to helping them break into their first market. It is planned that the existing CEB staff will transfer in their current positions. Enterprise Ireland will be responsible for training those staff and they will be eligible to attend our internal training programmes so we get the one level of competence. I agree with the Senator on the contribution and calibre of staff within the CEBs.

We have been very fortunate to have two of my colleagues, Ms Jean O'Sullivan and Mr. John O'Dea, take up a dedicated focus on female entrepreneurs. We are very pleased with the level and quality of applications we have received for the feasibility study and competitive start fund, whereby we have invested €50,000 into 15 start-up funds. As part of the awareness campaign we are sponsoring the *Image* magazine awards, the *Women Mean Business* magazine awards and the Going for Growth initiative. We are developing an online secure female networking platform, which we hope to launch early next year under the Action Plan for Jobs 2014. We continue to do research on that. Female entrepreneurship will remain a key focus for Enterprise Ireland in the next three year plan.

Chairman: I thank Mr. O'Rourke, wish him every success in his new role and we look forward to meeting him again. Deputy Lawlor made the point that it would be important to have Mr. O'Rourke here again, and we can. The committee will inform the Minister for Jobs, Enterprise and Innovation, Deputy Bruton, that we have concluded our discussion with Mr. O'Rourke and that we will forward a transcript of the meeting to the Minister for his information. Is that agreed? Agreed.

The joint committee adjourned at 3.45 p.m. until 2 p.m. on Tuesday, 17 September 2013.