

# DÁIL ÉIREANN

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## AN ROGHCHOISTE UM POIST, FIONTAIR AGUS NUÁLAÍOCHT

## SELECT COMMITTEE ON JOBS, ENTERPRISE AND INNOVATION

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*Dé Máirt, 28 Márta 2017*

*Tuesday, 28 March 2017*

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The Select Committee met at 4.30 p.m.

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### MEMBERS PRESENT:

Deputy Pat Breen (Minister of State at the Department of Jobs, Enterprise and Innovation),	Deputy Mary Mitchell O'Connor (Minister for Jobs, Enterprise and Innovation),
Deputy Niall Collins,	Deputy Tom Neville,
Deputy John Halligan (Minister of State at the Department of Jobs, Enterprise and Innovation),	Deputy Maurice Quinlivan.

DEPUTY MARY BUTLER IN THE CHAIR.

*The select committee met in private session until 4.40 p.m.*

## **Estimates for Public Services 2017**

### **Vote 32 - Jobs, Enterprise and Innovation (Revised)**

**Chairman:** I remind members, officials and those in the Visitors Gallery to, please, ensure their mobile phones are switched off for the duration of the meeting as they interfere with the broadcasting equipment, even when left in silent mode.

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, either by name or in such a way as to make him or her identifiable.

The meeting has been convened to consider the Revised Estimate for Vote 32 - Jobs, Enterprise and Innovation - which was referred by the Dáil to the committee. I welcome the Minister, Deputy Mary Mitchell O'Connor, and the Ministers of State, Deputies Pat Breen and John Halligan, and their officials. I thank them for the briefing material provided which is being circulated to members. I also thank the Minister and her officials for the open and constructive dialogue with the committee secretariat's financial scrutiny team in the development of the briefing document for the meeting. I thank the financial scrutiny team for the development of the document for us. I understand the Department has adopted a positive and constructive approach for a number of years.

I inform the Minister and the Ministers of State that the committee has agreed to proceed programme by programme and will focus initially on specific subheads. I will refer to the briefing document prepared by the financial scrutiny team of the committee secretariat to guide our consideration of the Revised Estimate. We will start with programme A. I invite the Minister to make a short statement, giving a high-level overview of the programme, and ask her to be as concise as possible.

**Minister for Jobs, Enterprise and Innovation (Deputy Mary Mitchell O'Connor):** I thank the Chairman for giving me the opportunity to say a few brief introductory words on the Department's 2017 Revised Estimate. My officials have already provided the committee with a detailed briefing document. The material tries to give committee members a deeper understanding of what the Department is delivering and what we are hoping to do in the near to medium term. I also understand the financial scrutiny team of the committee secretariat has provided members with a 15-page analysis of the Department's Estimate for this year. Lest there be any confusion for members who have read both sets of briefing documents, it is important to set out clearly the basis on which the Department's overview briefing material for the committee has been compiled.

Essentially, the Department's material was compiled on the basis of comparing the 2016 Estimate as published in the 2016 Revised Estimates Volume with the Estimate for the Department as set out in the 2017 Revised Estimates Volume. This Estimate to Estimate comparison is the accepted basis for comparison. For the information of committee members, the 2017 Estimate for my Department was formulated in negotiation with the Department of Public Ex-

penditure and Reform through a comparison with the 2016 Revised Estimates Volume allocation versus the 2017 Revised Estimates Volume. I understand the financial scrutiny team in its briefing material has chosen to base its comparisons on projected year-end 2016 expenditure figures from “a point in time” last November to be compared with the 2017 Revised Estimates Volume allocation. It is important to appreciate that the financial scrutiny team’s figures are not the actual year-end 2016 figures. In essence, it has chosen to factor in Supplementary Estimates or savings that arise at year-end and then make a comparison with the follow-on Estimate for 2017.

The timing of the annual budget and the Revised Estimates Volume in October and November each year does not actually allow for this comparison to be made. For example, the net effect of including the additional Supplementary Estimate funding received by my Department in late December could lead committee members to believe funding for my Department’s innovation budget was cut in 2017. The reality is that in 2016 and 2017 we have actually increased the innovation capital spend by €64 million. Last December we secured an additional €49 million in supplementary moneys; an extra €27 million for Science Foundation Ireland; an extra €20 million for the programme for research in third level institutions and an extra €2 million for the European Space Agency. In 2017 we are increasing the capital spend by a further €15 million, with increases for Science Foundation Ireland, Enterprise Ireland’s research and development programmes, the programme for research in third level institutions and the Tyndall National Institute.

The comparison methodology used by the financial scrutiny team has led to other anomalies in the comparisons made relating to other subheads in the Department’s Vote. Again, by way of example, rather than the Department’s administrative non-pay budgets increasing by 20%, as alleged by the financial scrutiny team, they have been reduced by 12.5%, amounting to a reduction of €1.2 million this year. Likewise, the Office of the Director of Corporate Enforcement is not the beneficiary of a 76% increase, nor is the Competition and Consumer Protection Commission receiving a 20% increase this year. My comments on the financial details that follow are in line with the requirements of the Department of Public Expenditure and Reform and based on the 2016 Estimate to 2017 Estimate comparison.

The total gross allocation this year for the Department, its offices and agencies is up by nearly €48 million to €858.42 million, as per the published 2017 Revised Estimates Volume. This represents a 6% increase on the total 2016 Revised Estimates Volume allocation of €810.47 million which, it must be remembered, also included a capital carryover of €10 million from unspent moneys in 2015. This year the Department and its agencies have a total of €555 million available in Exchequer capital funding, the largest Exchequer capital provision ever made available to the Department. The capital funding available to the Department this year represents a €52 million or a 10% increase on the 2016 capital base provision of €503 million.

We continued to make tremendous progress on the jobs front throughout 2016 and into this year. There are now over 2.04 million people working, the highest level since 2008. Unemployment continues to drop and was down to 6.6% at the end of February. There are now over 435,000 people working in the client companies being directly supported by the enterprise agencies. Such a level of employment across the enterprise agency clients is a record all-time high. Allowing for the multiplier effect, a similar number of people are being indirectly supported in services and sub-supply companies. Therefore, approximately 870,000 people, or two of every five jobs across the country, are being supported through the enterprise agencies.

Notwithstanding these impressive figures, the significant increases I secured in the Depart-

ment's capital allocations late last year and also for 2017 are recognition by the Government that we have more to do. We need to further accelerate regional development and, of course, to prime ourselves to face the challenges of Brexit and to be able adjust to the changing global foreign direct investment environment. Committee members will recall that the Department's capital ceiling was also increased in December 2016 by an additional €45 million through a Supplementary Estimate that involved a total package of €60 million. This, combined with the increased 2017 capital provision, means that the allocations for the Department's capital programmes have been increased by €97 million in recent months. The additional moneys I have secured will support the Government's regional jobs plans, ensure the enterprise agencies will be sufficiently resourced to respond to Brexit and assist in competing in the changing global foreign direct investment environment.

I am pleased to be able to say that we have been able to increase virtually all of our capital programme funding lines this year. The primary changes include a €25 million, or 22%, increase in IDA Ireland's capital base from €112 million to €137 million. This additional funding will primarily be used by IDA Ireland to progress its regional property programme further. IDA Ireland is directly supporting more than 199,000 jobs across its client companies, which is the highest level ever following the creation of more than 11,000 additional net new jobs last year. Its enhanced capital resources this year will enable it to continue competing in the intensely competitive FDI arena, which is likely to change significantly as a result of Brexit and the new US Administration.

We have also increased the capital allocation in subhead A7 for Enterprise Ireland to €63 million, a €7 million - 12% - increase on the 2016 allocation. Enterprise Ireland's research and development allocation in subhead B4 is also being increased from €117.6 million last year to €122 million. Enterprise Ireland-supported companies directly employ more than 201,000 people in Ireland. This is also the highest level of jobs in the Enterprise Ireland client cohort, which collectively added in excess of 9,000 extra jobs last year. This means that Enterprise Ireland's clients are effectively adding 25 net new jobs everyday.

I will leave the points on local enterprise offices, LEOs, and innovation to my colleagues, the Ministers of State, Deputies Breen and Halligan, respectively.

Turning to our 2017 plans, as set out in the briefing material provided to committee members last week, enterprise supports are multi-annual in nature. Therefore, the primary focus and the challenge for the enterprise agencies this year is to replicate the excellent jobs results that have been delivered in recent years. In 2016, Enterprise Ireland, IDA Ireland and LEO clients collectively delivered more than 45,000 gross new jobs, or 24,600 net new jobs. The 2016 results follow on from a similar level of new jobs added by the enterprise agencies' clients in 2015, that figure being more than 25,500 net new jobs. More than 435,000 jobs in the economy are in companies directly supported by Enterprise Ireland, IDA Ireland and the LEOs. We are hopeful of breaking through the 450,000 jobs barrier by the end of this year.

Before concluding, I will briefly touch on the significant change in current expenditure, that is, the pay side of the Department's Estimate. This relates to the additional €3 million in Brexit-specific pay secured for 2017. Committee members will be aware that these additional moneys have been distributed across the pay allocations of IDA Ireland, Enterprise Ireland, Science Foundation Ireland, the Health and Safety Authority and the Department to assist in the recruitment of Brexit-specific staff. Such recruitment is ongoing, with the likely intake of 40 or 50 extra staff throughout this year.

Finally, there are two typos in the Department's briefing document to the committee that I would like to correct for the record. On page 21, in the second sentence of Part 2, the 2016 Revised Estimates Volume, REV, allocation should be €810.4 million, not €813.4 million. On page 50, table 17, the total capital spend for programme B – Innovation for the 2015–17 period should be €1.028 billion.

I will leave my comments there for the moment so that we can proceed to examine the respective programme expenditure areas.

**Chairman:** I thank the Minister, but would she mind repeating the second-last figure? We did not get it on time.

**Deputy Mary Mitchell O'Connor:** Page 50-----

**Chairman:** We got that one, but I am referring to the one before it.

**Deputy Mary Mitchell O'Connor:** I beg the committee's pardon. Page 21, in the second sentence of Part 2, the 2016 Revised Estimates Volume, REV, allocation should be €810.4 million, not €813.4 million.

**Chairman:** I thank the Minister. On a point of clarification, I have been asked to say that the financial scrutiny team briefing paper is based solely on the Revised Estimates for public services 2017 that are published by the Department of Public Expenditure and Reform. Those Revised Estimates are the basis upon which the committee is examining Vote 32, as referred to it by the Dáil.

I will start with subhead A5 - IDA Ireland on pages 6 and 7 of the committee secretariat's briefing. This subhead comprises 21% of the Vote's gross allocation. I invite questions on this subhead.

**Deputy Tom Neville:** I am trying to get my head around all of this.

**Chairman:** We all are.

**Deputy Tom Neville:** My questions are more macro. The importance of the level of job creation in the past 12 to 18 months should be put on the record. No one can do anything but admit that the number of jobs created in the past five years has been phenomenal. I want to see that continue regardless of who is in power, as this country's success is based on creating jobs and an economy that funds our services.

My question is on the €555 million in capital funding. I do not know whether the Minister can answer it, but has IDA Ireland started targeting strategic areas of the country? There is a regional action plan for jobs, but has IDA Ireland started examining black spots or perceived black spots and is it starting to strategise? Sometimes, it has to be reactive towards a company that is coming to Ireland. If the company wants to be in Dublin, Limerick or Cork, it must be facilitated because we want it to come to Ireland, but has there been any proactive movement as regards regional black spots?

Has an analysis been conducted of what IDA Ireland could need in monetary terms to mitigate against the risks of Brexit? That will equate to staff and boots on the ground. If there has been an analysis, is there a target priority? I hope my questions are relevant.

**Chairman:** They are.

**Deputy Mary Mitchell O'Connor:** Are we taking groups of questions together?

**Chairman:** I have a question that relates to Deputy Neville's query. The Minister stated that she had allocated an extra €3 million for Brexit-specific wages, equating to between 40 and 50 staff. Does she have a breakdown of those staff? For example, will they be in IDA Ireland, Enterprise Ireland or the Department?

**Deputy Mary Mitchell O'Connor:** There will be 39 people in Enterprise Ireland, nine in IDA Ireland and three or four in our Department.

**Chairman:** I thank the Minister.

**Deputy Mary Mitchell O'Connor:** Some of Enterprise Ireland's 39 jobs would be based abroad. The same applies in the case of IDA Ireland. They should have staff who are able to respond.

**Chairman:** Will they all be in place in 2017?

**Deputy Mary Mitchell O'Connor:** Enterprise Ireland is interviewing people. I also wish to ensure that the committee understands something else. It was first announced through this committee that we had given IDA Ireland an extra €500,000 to ensure that it was able to advertise and to do a good PR campaign.

The Deputy also asked about the regional black spots. When IDA Ireland launched its 2017-2018 plan, it targeted an increase of between 30% and 40% in job creation in the regions. While all the regions are growing from a job creation perspective, some of them are performing better than others. I assure the Deputy that this issue is nearly always on the top of the agenda when I meet officials from IDA Ireland, including its chief executive, Mr. Martin Shanahan. My job, as Minister, is to ensure that IDA Ireland has the extra resources to do what it needs to do. The Deputy will be aware that we are building nine extra factories. Some of them will be on stream this year. IDA Ireland is investing €150 million in property solutions under the regional action plan. The programme for Government includes a commitment that IDA Ireland would be able to avail of an extra €200 million over the next five years to ensure it can address regional development needs.

**Deputy Tom Neville:** I welcome the Minister's answer. I read in the report that there has been growth of 10% or 11% in the mid-west. That has to be acknowledged. We have heard about the hiring of nine extra staff. We are now in a position of relative strength when we are making decisions, whereas some years ago we were in a position of relative weakness when we were trying to make decisions and push them through. We have seen the fruits of our success in that regard. I suggest that rather than being reactive, as we were when we had to make these decisions from a position of weakness, we should use our current position of relative strength to make a proactive decision to look at new markets over the next three to five years. The need for such an approach, particularly in respect of the massive Asian market, has been discussed at this forum. If such an approach is taken, IDA Ireland will need more than nine new staff. I know from questioning representatives of IDA Ireland here that they have boots on the ground in a few offices in pockets of Asia. As we pursue our vision for the next three to five years, we need to use the fruits of the success that has come from the Department.

**Deputy Mary Mitchell O'Connor:** I hear what the Deputy is saying. We are adding to IDA Ireland's 275 staff, for example, by taking on graduates as part of another programme. We have made additional staff available in America under the Winning Abroad initiative, which



was launched by IDA Ireland in mid-2014. I have just extended the funding of that initiative to make sure experienced people continue to be available to the Winning Abroad team. It is important to mention that for the most part, IDA Ireland was protected from cuts during the recession. I am pretty confident that we have the staff we need to make sure we win abroad. I will make sure the budgets are available. I will be looking for more in the next budget.

**Chairman:** The Minister mentioned that when an additional 40 or 50 staff were recruited, it was decided to allocate 39 staff to Enterprise Ireland and nine to IDA Ireland. I wonder why this allocation was so top-heavy in favour of Enterprise Ireland. Was that decision made to support indigenous businesses?

**Deputy Mary Mitchell O'Connor:** I thank the Chair for giving me an opportunity to explain that. Brexit will have an impact on our exporters. Enterprise Ireland deals with that client base here in Ireland. It has been dealing with approximately 1,500 companies on a weekly or daily basis since last year's referendum in the UK. It has contacted each of those companies to go through their accounts. It knows the weaknesses in those companies. It works with them. Enterprise Ireland has 32 offices abroad. We are going to try to diversify so that companies affected by currency fluctuations are able to sell into markets. Deputies will be aware that approximately ten years ago, 45% of Irish indigenous companies were selling straight into the UK. That number has since decreased. It is important that we diversify into other countries and meet the companies. That is why we have our marketing programme, all of our trade missions and our St. Patrick's Day programme. Enterprise Ireland micro-manages when it goes in, for example by helping companies to become leaner and more competitive so that they can compete with other companies. We will keep a watching brief on Enterprise Ireland and IDA Ireland. We tend to forget about the LEOs, which are the jewels in the crown because they have created 3,500 jobs so far this year. There are some counties where IDA Ireland might not be creating as many jobs as we would like, but if one looks across the line at Enterprise Ireland and the LEOs, one will often see that far more jobs are being created in such counties. Every single job matters, regardless of whether it is being created by Enterprise Ireland, IDA Ireland or the LEOs.

**Deputy Maurice Quinlivan:** I thank the Minister for her presentation. I welcome the decrease in unemployment. As the Minister has said on numerous occasions, every job that is created is very important. When a person gets a job, it can change a whole family. The decrease in unemployment is very welcome.

I would like to pick up on the Chairman's question about Enterprise Ireland by teasing out one specific part of its role with the Minister. As we are all aware, tomorrow the British are going to trigger Article 50 of the treaty which allows them to start the negotiations to leave the EU. Obviously, this will have a massive impact on Ireland in areas such as agrifood. It will also affect British exporters of products like Welsh lamb. Has Enterprise Ireland been looking at the options and possibilities in this regard? Can we develop our potential in markets that Britain might lose when it triggers Article 50 tomorrow? I do not think anybody living in the real world believes a deal can be sorted out in two years. If there is a hard Brexit, it looks like Britain will be subject to WTO rules when it leaves the EU. We all know the rates that will apply in such circumstances. Is Enterprise Ireland specifically targeting the opportunities that might result from this?

I welcome the increase of 6.5% in the funding of InterTradeIreland. Does the Minister think that is enough? I suggest it is probable that this will need to be given a little more consideration. I appreciate that this might not be the appropriate time to raise the matter. I also have a query

about the LEOs. Perhaps I misunderstood the Minister when she said that even though they created 4,100 jobs in 2016, their target for 2017 is just 3,000. What is the reason for this reduction? Perhaps it is just an estimate.

**Chairman:** Could the Deputy clarify his final two questions?

**Deputy Maurice Quinlivan:** The LEOs created 4,100 jobs in 2016. It is estimated that they will create 3,000 jobs this year. Is there a reason for that? I welcome the proposed increase for InterTradeIreland of 6.5%, or €495,000, but I wonder whether it is enough in light of Brexit given that the Border areas will be most affected.

**Deputy Mary Mitchell O'Connor:** The Deputy has said that there has been a reduction in the targets for the LEOs. The target for 2016 was for the LEOs to create 2,500 jobs, but they created 4,100 jobs. It was an exceptional year. The target for this year is 3,100. We hope this modest target for the LEOs will be exceeded.

The Deputy also asked about Enterprise Ireland's response to Brexit.

Enterprise Ireland has been working really hard with its companies to deal with Brexit. It has identified the Irish companies that moved into the UK and expanded there. I have met some of those companies. Enterprise Ireland is going to have a targeted response. That is why it has been successful and why it is going to work. It is not going out advertising willy-nilly. It makes sure it meets our companies which it helps to expand in the UK. It will be delighted to avail of any opportunities for companies. It has an increased focus on assisting young Irish disruptive technology companies. We are making significant funding available in that area through the Horizon 2020 SME instrument. We have also targeted ensuring Irish companies can access funding support and contracts from the European Space Agency. Enterprise Ireland is successful because of its company by company approach.

Deputy Quinlivan asked me about InterTrade Ireland, ITI. Did he say that he thought the extra we are giving is €499,000?

**Deputy Maurice Quinlivan:** Yes. Does the Minister think that is enough?

**Deputy Mary Mitchell O'Connor:** I want loads and loads. InterTrade Ireland has been very successful. It has created approximately 2,100 jobs this year. It is working along the Border. It is working with companies that are trading across the Border. I urge any members of the public listening to this committee to go to the InterTrade Ireland website where one can see the resources that it is offering, particularly for small companies that are trading on the Border. ITI provides a lot of specialist expertise for companies. It is compiling a report for me under the auspices of the ESRI to see exactly how companies are going to be affected by Brexit. It is a very worthwhile agency. The Department of Jobs, Enterprise and Innovation is giving it an additional €499,000 in 2017. ITI will also be drawing down further moneys from the Northern Ireland administration.

**Deputy Niall Collins:** I thank the Minister for her presentation. Can she give the committee an overview of the engagement she had with Enterprise Ireland and IDA Ireland in advance of agreeing their budget? How much interaction did those agencies have with the Minister and the Department in putting forward their business case for funding? The Minister has outlined figures for allocations of staff and extra budget. What have the agencies committed to delivering in return for the funding? Who is going to measure their output?



**Deputy Mary Mitchell O'Connor:** We have a service level agreement with each of the agencies. As Minister, I am always looking at the bottom line. The metric that I use is how many jobs are being created. We obviously want value for money. There are commitments in the programme for Government, such as the €200 million for IDA Ireland, to ensure they can create jobs in the regions. The commitment to create 200,000 jobs by 2020 with 135,000 of those jobs being in rural and regional Ireland is written in black and white. We are seeing that success come through. In 2016, 52% of jobs created by IDA Ireland were outside the Dublin area. Regional job creation by Enterprise Ireland was 64% of their total. I sometimes think the message has not gotten out there. However, 72% of all jobs created in 2016 were in rural and regional Ireland.

In reply to a recent parliamentary question, I outlined that I have had approximately nine formal meetings with Julie Sinnamon and Martin Shanahan, the chief executives of Enterprise Ireland and IDA Ireland. I still meet them probably once every fortnight. We are always discussing jobs. They sent submissions in to me before the budget. We looked at the position and agreed on a figure. They obviously want more money than is available but we ensure that they are well-resourced. I did very well to provide circa €52 million capital funding and €3 million current funding. We will continue to keep an eye on it.

**Deputy Niall Collins:** What type of additional staff are being sought by Enterprise Ireland and IDA Ireland? What skill sets are required? I am sure the jobs have been advertised it but I have not seen the ads. Will there be three or five-year contracts for the additional staff? What is the timeline for investing in additional staff? Will they be based overseas or in Ireland?

**Deputy Mary Mitchell O'Connor:** Most contracts will be for three years. I have had the great pleasure of meeting staff from Enterprise Ireland and IDA Ireland in Ireland and abroad. The Deputy would be so proud of them. They are experts in their field. They have sectoral knowledge and expertise. If we were recruiting for a role involving biopharma, the person employed would be an expert in biopharma. There are also marketing executives to ensure that they have those skills when they are meeting people. We have sales and marketing expertise. The sectoral expertise of the staff is very obvious when one meets them.

**Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy John Halligan):** As the Deputy is aware, companies that invest in innovation are bigger employers and higher performers right across Europe. Enterprise Ireland has a research and development budget of €122 million. As the Minister has said, Enterprise Ireland is working with many high-tech companies exporting to the European Space Agency who are at the top of their game right across Europe. I have met with many of these companies. Because of their ability to win contracts above French companies, American companies or any other company, Brexit is not expected to have an impact on them. There are currently 50 high-tech companies operating with the European Space Agency. There are five high-tech companies coming on stream every year. A lot of that is as a result of the money put into Enterprise Ireland for research and development. It is interesting that in 2016 there were 101 new high-potential start-ups, 128 new start-ups and 63 female-led start-ups, all involved with Enterprise Ireland. On the Brexit issue, Enterprise Ireland operates in many countries around the world. In countries outside Europe in particular it is highlighting Ireland's brand of research and development, which is highly regarded across the world. Enterprise Ireland is confident that whatever happens with Brexit the high-tech companies it deals with will be fine.

**Deputy Mary Mitchell O'Connor:** Language is hugely important to them. We have, for example, targeted growth in China, India, Asia, the Gulf and Latin America. They would em-

ploy people from those countries to ensure the communication is good between companies that might be thinking of coming to Ireland or, even more important, our indigenous companies that might be thinking of going abroad.

I talked about sectoral expertise. There would be experts in financial, fin-tech, biopharma and medical pharma. The representatives of a company thinking of locating in Ireland - I am only talking about the FDI side - will get to meet those sectoral experts who will also have marketing expertise and who probably also will have the native language for that company if it is not English. They will be meeting the expert in that area.

**Deputy Niall Collins:** We regularly discuss site visits in the Dáil and we did so last week. I know how the figures are presented in the Action Plan for Jobs and how they are regionalised. It would be remiss of me if I did not raise it again. Roscommon has had one site visit and Kerry has had three. We are giving money to IDA Ireland which is involved in job promotion and job creation. We all understand we cannot dictate where a client company that is visiting Ireland should locate. However, is the Minister happy that there has been only one site visit to Roscommon and three to Kerry? I do not think anybody could be happy with it. Where are we going with it? We cannot just pretend that it is acceptable; I know the Minister does not pretend it is acceptable. What are we doing to put pressure on IDA Ireland to address this?

**Deputy Mary Mitchell O'Connor:** I regularly meet the IDA officials formally and informally. That would be a topic that came up. I have raised it with the chief executive again since we discussed it in the Dáil - I think it was last Wednesday or Thursday. Of course, I would like to see more site visits, but I again make the point that site visits are not the be-all and end-all. Many of the jobs that are announced are by existing companies growing and then taking on extra people. I have made this point to the Deputy previously.

He says that we give money to IDA Ireland. We also resource Enterprise Ireland and the LEOs in every county. We have a regional Action Plan for Jobs. Irrespective of whether he likes it and irrespective of whether he has read it, it is working. Those eight plans have transformed employment throughout the country. Of course, we want all boats to lift in the good tides. I want to ensure every region shares. However, the figures indicate that the south-east was a black spot; Waterford was an absolute black spot and we will see it improve.

I understand the figures for site visits as the Deputy does. However, we cannot bully the chief executives as to where they locate. Other aspects also need to be taken into consideration, including infrastructure and being close to an airport. In the Deputy's constituency Limerick is very attractive because it is near an airport. Some of them also want to be very close to the talent pool. In other cases they want to be within an ecosystem. For example, if fin-tech is located in the financial services area here in Dublin, I imagine that some of the fin-tech companies coming into Ireland as result of Brexit will be looking at that kind of area. That whole ecosystem is important.

The Deputy mentioned Kerry and we discussed this in the Dáil last week. Some 2,083 jobs are being supported by IDA Ireland in Kerry and the figure is 985 for Roscommon. I also pointed out to the Deputy last week that some rural counties do better than others. I know the Deputy picked out two, but other rural counties are doing very well. I will keep banging that drum. I met the Cavan-Monaghan Deputies and councillors. We are doing a review of all the IDA Ireland sites that are available in those two counties. We will continue to bang that drum. It is only in the past short number of years that we have seen employment grow. Up to that it was stagnant and before that hundreds of thousands of people lost their jobs from 2008 to

2011. Of course, we keep a watching brief on it. I think we are going in the right direction. The IDA Ireland 2017 strategy commits to increase employment by between 30% and 40% in the regions.

**Chairman:** We move on to programme B.

**Deputy Niall Collins:** I am not finished yet.

**Chairman:** Sorry, Deputy Collins.

**Deputy Niall Collins:** Earlier the Minister mentioned value for money. We discussed it last week, here at the committee and again in the Dáil when discussing the Succeed in Ireland initiative. The cost of a job through that initiative was €4,000 and the cost of an IDA job was between €10,000 and €11,000. How does the cost of an IDA Ireland-delivered job or verified job compare with the cost for the equivalent agency in the UK or other EU member states?

**Deputy Mary Mitchell O'Connor:** I can compare it with Irish job creation. The Deputy talks about it being verified. I cannot verify anything because we just finished that programme last Sunday. There is a legal dispute and we cannot verify anything until after that legal dispute is resolved. On 27 March I wrote to the committee Chairman. We will set up the commission shortly. The timeline associated with the review is dependent on the resolution of the current legal dispute between IDA Ireland and Connect Ireland. It is very hard for me to answer the Deputy's question because I cannot verify the figures.

**Deputy Niall Collins:** I am not asking the Minister to comment on that; I am asking her to comment on the cost. These are IDA Ireland figures, not mine or the committee's. IDA Ireland has stated it costs it €10,000 to €11,000 per job created. How does that compare with the UK agency or other agencies?

**Deputy Mary Mitchell O'Connor:** With Enterprise Ireland it is €11,100. With IDA Ireland it is €10,500. With the LEOs it is €8,800. I will get the international figure for the Deputy. They are the Irish figures on what it costs us to support jobs.

**Chairman:** Is the Deputy happy to move on?

**Deputy Niall Collins:** I want to mention the Office of the Director of Corporate Enforcement and the HSA. Do they come under this programme?

**Deputy Mary Mitchell O'Connor:** No.

**Chairman:** They are programme C. If everyone is happy, we will move on to programme B. I call the Minister of State, Deputy John Halligan, to make a brief statement on programme B.

**Deputy John Halligan:** I will be as brief as I can as I understand there is a vote at 6 p.m. Investment in research and innovation through the Department is all about delivering tangible economic impacts. In 2016, approximately €356 million was invested in research, development and innovation by the Department through its enterprise agencies, primarily Science Foundation Ireland and Enterprise Ireland. Further investment was made through the programme for research in third level institutions, the PRTL, the Tyndall National Institute and the European Space Agency.

I highlight just a few of the key achievements in 2016. During 2016, Ireland broke into the

top ten global scientific ranking for the first time. We continue to excel in certain disciplines. For example, we are currently No. 1 in nanotechnology, No. 2 in animal and dairy products and No. 3 in immunology. A record 1,036 collaborative projects were undertaken between Irish-based companies and higher education institutions. A new meat technology centre was established by Enterprise Ireland to create a strategic research and innovation base in sheep and beef meat processing in the country. Some 101 high-potential start-ups were approved for support by Enterprise Ireland with plans for these to create over 1,000 new jobs by 2019. Over €47 million was invested by Science Foundation Ireland in 36 infrastructure projects. Approximately €40 million was granted to 29 awardees under the SFI investigators programme to support the development of world-class research capability in key areas of economic and social importance. Awards totalling €2.8 million were also made to support the education and engagement of the Irish public in STEM. Contracts worth €12.5 million were secured by Irish companies as a result of our engagement with the European Space Agency and I am pleased to highlight the fact that over €156 million in EU Horizon 2020 awards were made to Irish companies and academics last year, including €11 million for SMEs.

Looking ahead to 2017, we have ambitious plans for the innovation programme. The budget allocation by my Department for innovation increased to approximately €323 million this year from €307 million in 2016, which is a significant increase of 5%. I am also pleased that my Department's innovation budget allocation benefited from the Supplementary Estimate of €49 million at the end of 2016, allowing additional critically needed SFI research infrastructure awards to be made as well as additional funding for the PRTLTI programme. During 2017, Science Foundation Ireland plans to increase the number of research centres of scale and excellence, increase the number of international star researchers leading research teams in this country, drive greater links between academia and industry and, importantly, increase its focus on the UK market by continuing its partnerships and collaborations among researchers in both countries.

Enterprise Ireland's 2017 focus is on driving innovation in Irish enterprise at unprecedented levels. Indeed, its new strategy sets a target to increase research and development expenditure by client firms by up to 50% per annum by 2020. Enterprise Ireland's 2017 funding allocation will ensure continued funding for critical existing innovative supports as well as for a number of new initiatives, including a new programme for business innovation to drive innovation and customer-focused process and service solutions; a small business innovation research programme to leverage the national public procurement budget to drive innovation in SMEs; initiatives to equip graduates and researchers in the higher education system with the key skills required by our enterprise base; and enhanced support to help companies access the funding available in Horizon 2020. The 2017 capital investment will also allow the Tyndall National Institute substantially to grow its interactions with industry in Ireland and internationally. Ireland's engagement with the European Space Agency will continue in 2017 to support approximately 50 Irish space technology companies.

To become an global innovation leader, Ireland must continually invest in research, development and innovation to ensure it has excellent research, a strong innovative enterprise base, growing employment, sales and exports, a renowned pool of talent in academia and industry and an internationally competitive research system. We are on our way but a great deal remains to be done. I thank the Chair for the opportunity to make these opening remarks. Hopefully, they assist the committee. I am happy to take any questions.

**Chairman:** I might kick off the questions myself. The science and technology development

programme is 35% of the gross allocation at over €300 million. It is a huge amount. On B4, the science and technology development programme, I note the number of company collaborations with third level institutions, which is hugely important. I notice that there was a peak in 2015 of 1,200 and it is now back down to approximately 800. Is 800 the norm? Did we peak in 2015? Are we back to normal and was there a reason it peaked then?

**Deputy John Halligan:** I will get all of the statistics for the Chair but one finds if one goes back through the years that there were highs and lows in collaborative projects. It does not mean there is a significant drop in investment in collaborations with client companies. If one looks at the years, it is also a consequence of the use of the 2016 Estimate figure. It is just a matter of highs and lows, but there is no significant-----

**Chairman:** The Minister of State will know well himself from Waterford Institute of Technology how important collaboration is.

**Deputy John Halligan:** Absolutely. We are also looking at growing the numbers over time and I think that will be sustainable and sufficient.

**Deputy Tom Neville:** I thank the Minister of State for his presentation which I welcome. I also welcome the focus on science, technology and innovation. I had the good fortune to visit the Minister of State's offices a week to ten days ago at which a very comprehensive presentation was made. I welcome that. It was highly beneficial and educational to me. I have a quick question on collaborations. Does the Minister of State predict or is there a target increase in collaboration and over what period would that target be achieved? Would it be one or two years? Is there any metric around collaborations which may have started but later collapsed? Things happen in business, in particular in innovation. A lot of it will be speculative. Are there any metrics or statistics in that regard?

**Deputy John Halligan:** We provide Enterprise Ireland with targets to reach every year on collaboration and investment. As the Deputy knows, collaborations vary across industries, institutes of technology and, of course, universities. At all times, however, there is a drive to hit targets and go above them. Every year, we set specific targets with the money that is provided. More research and more collaboration is what we are about. We are aiming to get more research centres. There are eight dedicated research centres which are recognised across Europe as the best in the world. Our objective over the next few years is to develop more research centres which will obviously lead to more collaboration with industry. Science Foundation Ireland has an annual census of its supported research in all of these areas. The latest data from SFI's census on research will be available in April.

**Deputy Maurice Quinlivan:** Like Deputy Neville, I thank the Minister of State for the presentation on the European Space Agency a week ago. It was excellent and we all learned a great deal from it. We need to get the message out that it is a good project that we are involved in and that it should continue.

I have two queries. There was an allocation of €319 million for the science and technology development programme in 2017 but, in 2017, it will be €303 million, a reduction of €15.496 million. Second, in 2016, there was an allocation of €30.377 million to the programme for research in third level institutions while, in 2017, it will be €14.4 million. Was the money transferred elsewhere?

**Deputy John Halligan:** No. The €319 million included a Supplementary Estimate alloca-



tion of €42 million.

**Deputy Maurice Quinlivan:** Can I assume that will be provided again this year?

**Deputy John Halligan:** It depends on the Oireachtas. I hope so.

**Chairman:** I thank the Minister of State. We will move to programme C. I invite the Minister of State, Deputy Pat Breen, to make an opening statement.

**Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy Pat Breen):** Subhead C3 provides for just €18.7 million for the workplace relations programme. With the commencement of the Workplace Relations Act on 1 October 2015, two statutorily independent bodies replaced the five previously in existence. From that date, there was a new single body of first instance called the Workplace Relations Commission, WRC, and an expanded Labour Court. The most radical reform of the State's workplace relations institutions in 70 years is delivering results. The wind-down of the Employee Appeals Tribunal, EAT, is also delivering the envisaged cost savings.

These new structures are delivering an independent workplace relations service, which is easy to use and provides for a workable means of redress and enforcement within a reasonable period. The WRC received 14,400 complaints in the first full year of its existence, with 75% of the adjudication hearings held within 22 weeks of complaint receipt and adjudication decisions issued within 29 weeks from complaint receipt. The allocation to the WRC provides for extensive information services to workers and employers for industrial relations advisory support as well as conciliation and mediation of disputes. In addition, it provides for inspection and enforcement of employment rights through the labour inspectorate. More than 4,830 inspections were carried out in 2016 and €1.5 million in unpaid wages was recovered by the WRC inspectorate.

Subhead C5 provides €18.112 million to the Health and Safety Authority, HSA. We are experiencing strong economic growth and businesses are rapidly expanding with new jobs being created on a daily basis. It is vital that we continue to prioritise the health and safety of all workers in a way that promotes business growth, aids competitiveness and protects workers. Particular focus remains on the high-risk areas such as agriculture and construction. More than 10,400 inspections and investigations were carried out in 2016 and new ways of engaging such as using knowledge sharing groups of farmers have been developed. I am also working closely with my colleague, the Minister for Agriculture, Food and the Marine, to bring together all shareholders in the farming sector with a view to developing and ensuring a greater collaborative approach to farm safety.

SMEs are the backbone of the economy and need easy to use tools and guidance to help maintain and manage workplace safety and health that avoids additional administrative burdens or costs. The HSA has been to the forefront in meeting this challenge with the continuing roll-out of the Be Smart online risk assessment tool reaching more than 38,000 businesses. Be Smart is acknowledged to be an exemplary model of risk assessment across the EU and has been chosen by the Commission as the basis for a mutual learning exercise as part of the modernisation of the occupational health and safety legislative suite.

Subhead C13 provides almost €500,000 for the Low Pay Commission. Last year, the commission recommended an increase in the national minimum wage to €9.25 per hour, which was accepted by the Government and came into effect from 1 January this year. I look forward to

receiving the commission's report and its recommendation on the rate of the national minimum wage for 2018 by 19 July next.

Subhead C14 provides for Ireland's annual subscription to the International Labour Organization, ILO, of €1.3 million. The Department is currently deepening its engagement with this tripartite UN body responsible for international labour standards. For example, in June this year, for the first time since joining the ILO in 1923, Ireland will assume a seat on its governing body. This will give Ireland a voting role during an ambitious and active period for the ILO as it prepares to celebrate its centenary in 2019.

I join the Minister in paying tribute to LEOs and the vital role they play in fostering growth and employment throughout every region. I have had the pleasure of meeting a significant number of LEO officials and I continue to be impressed by the professionalism and enthusiasm with which they carry out their important remit. As the Minister said, the fact that the LEOs added 3,600 net new jobs in 2016 is particularly praiseworthy. The fact that LEO clients have directly supported more than 34,600 jobs across the country is a testament to what can be achieved through local efforts and local organisations working together. I, therefore, very much welcome the additional capital funding of €4 million in the 2017 Estimate for LEOs. I have no doubt that this additional funding will help to ensure that they continue to build on their success and will enable them to play their part in meeting the Government's regional jobs target.

**Chairman:** I thank the Minister of State. He partly answered my first question. The Be Smart programme has been successful with 20,000 businesses reached in 2014 increasing to in excess of 38,000 now. Will he elaborate on the programme?

**Deputy Pat Breen:** The programme was developed some time ago by the HSA. As the world becomes digitalised and people use smartphones, iPads computers, etc., it is much easier for someone to go online for information regarding health and safety. A site and an app were developed to look at the risks in industry and it is reaching more than 38,000 business. That is a phenomenal number. This can be replicated in other industries, particularly farming. The success of the HSA in the construction sector is borne out by the figures in recent times. The greatest number of workplace accidents in recent years has been on farms. The HSA ran an awareness campaign in conjunction with the National Rehabilitation Hospital in Dún Laoghaire which, in particular, broadcast graphic videos of the injuries that can occur in construction accidents. They can happen in a moment. Two or three construction workers volunteered for these videos and they are being promoted by the hospital in Dún Laoghaire. This has been effective. We have to target the videos at smaller construction contractors because the bigger contractors have their own health and safety officers. The Be Smart programme online has been an example of what can be done. It has been chosen by the Commission as a basis of mutual learning exercises as part of the modernisation of health and safety legislation in today's world.

The construction sector is back. There is a great deal of work going on. One can see the many towering cranes all over Dublin city at the moment. The Be Smart app allows companies to do an assessment online, which is extremely important. It is easy to use and it takes away the mystery of health and safety legislation for companies. It has been successful, the HSA is proud of it and it is looking at this as a template for other sectors.

**Chairman:** Is it an opt-in or a compulsory process?

**Deputy Pat Breen:** It is opt-in. If it is successful and works well, construction companies will take it on board. We have given the HSA an additional €560,000 for 2017 to help the au-

thority to reduce the incidence of accidents in the workplace. We are examining the farming sector closely at present.

**Deputy Maurice Quinlivan:** According to the figures of the Minister of State, the proposed number of Health and Safety Authority, HSA, inspections in 2017 will be down 395 from the 2016 figures. It is proposed there will be 10,770 inspections in 2017 whereas 11,165 inspections were conducted in 2016. Is there a reason for that?

**Deputy Pat Breen:** I believe we will have at least as many inspections in 2017, given that the embargo has been lifted. It is important to point out that we are doing things a little differently from before, with changes to the inspection activities, which is very important in the farming sector. The authority is very proactive in regard to inspections. The overall planned number of inspections for 2017 will be retained at the 2016 figure.

The way that health and safety issues are considered has changed in recent times, particularly in the farming sector. We are working with the farming organisations as it is very important to collaborate and work together with them. That is the reason I have taken on board the link with the Minister for Agriculture, Food and the Marine so that we ensure we can bring down the number of farm accidents. I have attended a number of farm inspections where both Teagasc and the HSA invite all the farmers in the area to a farm. That has excelled and won awards for health and safety. The farmers come to farm and there is an inspection to see where the risks arise, whether for children or for farmers around machinery - there are many accidents around machinery - slurry pits and so on. Members may recall the tragic fatalities in Northern Ireland a few years ago, when three members of the one family were killed in an accident around a slurry pit. A real campaign was focused on slurry pits and as a result the number of fatalities caused by slurry pits decreased. An increase in the numbers falling through the roof of farm buildings is very worrying as well. There will be a focus on all those areas, especially on the high number of 21 deaths last year. People will be aware of the high number of deaths this year on farms. Accidents happen when farmers who are very familiar with the environment do not take five minutes out to see where the dangers are because they have become over-familiar with their environment.

I hope the HSA in conjunction with the Department of Jobs, Enterprise and Innovation will pay serious attention to accidents at work. This is something I am very conscious of and this morning in conjunction with the Department of Health I launched a well-being programme. Last week we launched another programme as well. It is not just all about accidents, because stress, anxiety and related issues are creating problems in the workplace. We are looking at this issue and this is the reason we have put in place a number of online apps to deal with these issues. The statistics for the workplace outside of farms show that more days were lost in the workplace last year through stress, anxiety and other issues related to depression than through workplace accidents. We have to focus on that as well and we are doing something about it.

The way the Department and the HSA are looking at these issues is changing all the time to meet the demands and needs of places where accidents occur and to ensure farmers are educated about them. Members may know that the allocation of certain farm grants may only proceed if the farmer does a farming course.

**Deputy Niall Collins:** Is there any plan in the Department of Jobs, Enterprise and Innovation to conduct a review of the remit of the HSA? What has triggered my question is the recent "Prime Time" programme on theme parks. We met the operators of fun fairs, who do not come specifically under the remit of the HSA. With an improving economy, there will be more people

at work and there will be more stress placed on the HSA to carry out its remit given that employment figures are up. Has the Department considered the potential to broaden the remit of the HSA and its capacity to deal with the increase in the level of work that will result from the expanding economy?

**Deputy Pat Breen:** To be fair, Deputy Collins raised this issue during priority questions some time ago. The remit of the HSA is to deal with the workplace. Theme parks, merry-go-rounds and funfairs do not come under the remit of the HSA as the Deputy rightly pointed out, but we are considering changes to the legislation to see if these theme parks can come under that area. I know the Minister for Housing, Planning, Community and Local Government, Deputy Coveney is considering that at present. I will certainly get an update on the position for Deputy Collins as soon as the Minister, Deputy Coveney, has completed his deliberations. The HSA is very focused on the workplace. There are no proposals at present to change that because I think the HSA has a very broad remit, particularly with the increased numbers working in the construction sector. Local authorities also have a role in regard to theme parks and merry-go-rounds. We will be looking at this area, especially in light of the two unfortunate deaths that took place in recent times. At present the HSA can only consider issues in respect of people who are employed. The Minister, Deputy Coveney, is looking at the issue of theme parks and merry-go-rounds and I will discuss this with him. Should Deputy Collins table an oral question on this issue, I will be delighted to get an update and respond to his question on proposed changes in legislation.

**Deputy Niall Collins:** I thank the Minister of State for that response.

**Deputy Tom Neville:** I welcome the reference to stress and other anxieties, particularly the recognition that it applies to the agriculture sector. As the Minister of State outlined, when somebody is under stress and is suffering from anxiety, accidents can happen and carelessness, through no fault of the person, can creep in. I am glad that is recognised as I have been campaigning on mental health issues.

An issue that was not mentioned but which I wish to raise and which I welcome is the broadening of the apprenticeship scheme. It is highly appropriate that this has taken place given that we are a growing economy. We want to get that last 2% to 3% to get to full employment. Apprenticeships offer an opportunity to increase the numbers at work, and it is important that we are seen as an economy that embraces apprenticeships because for too long we have turned our back on the concept of apprenticeships.

**Deputy Pat Breen:** I thank Deputy Neville for that comment. His father, the former Deputy Dan Neville, was very interested in this area as well. As I have said, I have launched two apps, one from the public sector in conjunction with the HSA and another this morning in conjunction with the Department of Health on health and well-being in the workplace, to make employers and employees more conscious that employees will do more work if their well-being is looked after and they are in a happier state. For the employer, the benefit is that more work will be done. We are very conscious of the benefits of well-being. That is why I have taken part in the launch of two apps on health and well-being. The HSA is very focused on well-being as well and it is very much part of its remit and part of its work programme in 2017.

**Chairman:** As there are no further questions, that concludes our consideration of the Revised Estimates for Vote 32 - Jobs, Enterprise and Innovation. I thank the Minister for Jobs, Enterprise and Innovation, Deputy Mary Mitchell O'Connor, and the Ministers of State, Deputy John Halligan and Deputy Pat Breen, for attending this very constructive meeting and answer-

ing every question that was put to them.

Given the ongoing engagement with regard to the Estimates process, is it agreed that there be further engagement between the departmental officials and officials of the Houses of the Oireachtas and that the result of this engagement be reported to the committee? Agreed.

**Deputy Mary Mitchell O'Connor:** I thank the Chairman and officials.

### **Message to Dáil**

**Chairman:** In accordance with Standing Order 90, the following message will be sent to the Dáil:

The Select Committee on Jobs, Enterprise and Innovation has completed its consideration of the following Revised Estimate for public services for the year ending 31 December 2016: Vote 32 - Jobs, Enterprise and Innovation.

The select committee adjourned at 6 p.m. until 6. p.m. on Tuesday, 23 May 2017.