

# ACTION PLAN FOR JOBS

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## 2012



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## Foreword by An Taoiseach, Enda Kenny, T.D.



The top priority of the Government is to get Ireland back to work. It is the all-consuming obsession of every Cabinet Minister at a time when we have never seen more people unemployed. Economic recovery has to be matched by a jobs recovery.

The importance of a job is not only about money in the pocket, but it gives a person a sense of dignity and value. People want to work, to contribute to their country, to their community, to their family.

This is why jobs have been at the centre of Government policy since day one. Within a hundred days of office we delivered the Jobs Initiative that had a real and positive impact on the industries and sectors it targeted. Tourist numbers are up, entertainment and food businesses are rebounding and we've almost 5,000 interns placed through the Job Bridge programme.

Government can have a positive impact on encouraging job creation by providing the right supports. This is why the recent Budget did not raise taxes on work. We will continue to make the changes necessary to ensure that work continues to pay and people are encouraged back into the workforce as new opportunities arise.

Now we must do more. This is why I asked Minister Bruton to put together this Action Plan on behalf of the Government. Through it we will target different sectors with new policy supports and change for the better the way Government interacts with businesses by cutting costs and red tape. I will be taking a keen interest in ensuring that Government delivers on this plan and that changes are made. That is why I have asked officials in my Department to work closely with colleagues across Government to oversee implementation of the commitments made.

By supporting growth industries, and by building on recent successes, we will attract new foreign investment and increase our exports even further. We will help more Irish businesses to make it into the global market place and to create more jobs at home.

Jobs will be central to economic recovery. There is no easy or quick path to full employment. We must rebuild our economy piece by piece and restore confidence and stability if we are to attract new jobs. This Action Plan outlines our intentions for the year ahead. When completed, I expect another annual Action Plan for each of the coming years so that by 2016 we can make Ireland the best small country in the world in which to do business.

There will be no rest until we create opportunities for everyone who wants to work.

Enda Kenny, T.D.

Taoiseach

February 2012



## Foreword by the Minister for Jobs, Enterprise and Innovation, Richard Bruton, T.D.



In July last year at the MacGill Summer school I described my determination to prepare a Jobs Plan for Government following the publication of the Budget in December. In that speech I said that as a country we needed a revolution in our mind-set if we are to start transforming our economy. I also pointed out that:

*“The reality is that Government, in its many different guises and agencies, is a critical player. No part of government can be a detached onlooker. If the winds of our revolution can blow through the corridors of every legislator, regulator and educator then the natural ingenuity of Irish*

*people can be unleashed.”*

I am pleased that the type of plan I described in Glenties is taking solid shape in the 2012 Action Plan for Jobs. Every Department of Government and over 35 agencies and offices of the State are engaged, all with Actions to support jobs to be delivered in this calendar year. All of this will be overseen by a monitoring group operating out of the Department of the Taoiseach and involving the Department of Jobs, Enterprise and Innovation, the Department of Public Expenditure and Reform and Forfás, who will prepare quarterly reports on work and actions delivered. This Plan will be measured, monitored and delivered. It is an engine for change that we will review and revitalise each year.

I spoke in Glenties of the need for a revolution, and this can come in many guises, but always triggered by an overwhelming desire for change. That change can come with a big bang or through deliberate and determined action by those who want to see change occur. The Irish economy has experienced enough big bangs in recent years. The time is right now for the type of deliberate and determined action to get our economy back on the right path to sustainable, exporting, innovative and enterprise led growth that we enjoyed fifteen years ago. This Action Plan for Jobs, and the annual Plans to follow, charts that course back to sustainable, job creating growth.

Richard Bruton, T.D.,

Minister for Jobs, Enterprise and Innovation

February 2012



## Executive Summary

### Introduction

There is no greater challenge facing Ireland than getting our people back to work. There have been over 300,000 job losses since a flawed economic model collapsed in 2008 and there are more than 315,000 people unemployed, half of them for more than a year.

Governments don't create jobs, successful businesses and entrepreneurs do. But this truth does not remove the need, the absolute obligation, for Government and all sectors of our society to respond to the jobs crisis facing our country.

To that end the Taoiseach has set a Government ambition for Ireland to be the best small country in the world in which to do business by the centenary of the 1916 Rising. This is an ambitious goal but it is an achievable one. Becoming the best small country in the world in which to do business will require a deep transformation of Government and of all sectors of our society. But that is exactly where we need to be as a society and as an economy.

We need to compete better internationally, and we can. We need to sell more of our products and services to new markets, and we can do that. We need to create a vibrant environment where new enterprise can flourish, and we can do that too. And we need to systematically rebuild our economy, brick by brick, so that we can plan for a sustainable and growing economy that will provide jobs and opportunities for our children to aspire to. We can, and we must, do that.

The annual Action Plan for Jobs is designed to help achieve that ambition for our economy and for the jobs it can support. It is not a plan designed to sit on a shelf nor does it suggest a single “big bang” solution to an unemployment crisis built up through years of poor policy choices. The Action Plan for Jobs is a plan designed to help rebuild our broken economy, reform by reform, innovation by innovation so that we can realise the ambition to have 100,000 more people in work by 2016 and 2 million people in work by 2020. This is not a strategy document, it is a working document.

### Work Already Started

The Action Plan for Jobs will seek to build on the work already begun across Government to rebuild our economy. It is about protecting existing jobs, as well as creating new ones.

The restructuring of the banking system by Minister Noonan provides the basis for a core banking service that can deliver on the needs of start-up or growing businesses.

Ministers Burton and Quinn are delivering on a fundamental transformation of the employment support services that the State provides so that supports and training are working more closely together to help assist people back in to the workforce.

In other areas such as the establishment of NewERA and the Strategic Investment Fund, the Government is developing innovative ways to leverage the assets we own to drive long term investment in key infrastructure.

The reorientation of the tax system, recognising that taxing work is not the way to revive the economy, is absolutely key. In the last three years before the current Government took office more than 80% of the increase in taxation was on labour. That is simply unsustainable and this Government has made the choice to protect, as much as it can, the income and take home pay of workers so they can have some confidence to plan ahead with their household budgets. That is why in the Budget in December 2011 Minister Noonan left income tax rates and bands untouched. As a Government we are determined to incentivise investment in enterprises and jobs, not property. It is vital to integrate the direct enterprise mandate of the Minister for Jobs, Enterprise and Innovation with the actions across Government that can open up opportunities.

It is from the platform provided by these reforms and strategic decisions that the annual Action Plan for Jobs builds.

### 2012 Action Plan for Jobs - Approach

The Government, in November 2011, committed to completing an annual Action Plan for Jobs that would involve the whole of Government focusing on what part they and their agencies could play in protecting or creating jobs. This Plan is for 2012; subsequent Action Plans will be prepared for 2013, 2014 and so on, until our goals are realised.

In total there are over 270 distinct actions identified to be delivered in 2012 across all Departments of Government and more than 36 agencies of the State. Each action has an identified lead Department or Agency that is responsible for its delivery. Milestones and timeframes for the delivery of each action are detailed in an Annex to the Action Plan which is published separately.

At the same meeting of Cabinet that approved the annual Action Plan for Jobs process it was agreed that a Monitoring Group comprising of the Department of the Taoiseach, the Department of Jobs, Enterprise and Innovation, the Department of Public Expenditure and Reform and Forfás would be formed to meet regularly and police the delivery of the actions identified in the report. This monitoring group will report in to the Cabinet Committee on Economic Recovery and Jobs with a view to quarterly reports on implementation being prepared and published.

This Plan, unlike previous strategies, reports and publications, is geared solely towards carrying out the necessary changes across the sectors to make it easier to do business in Ireland so that as many jobs as possible can be protected and created over the coming years.

### 2012 Action Plan for Jobs - Structure

The Action Plan for Jobs will address seven principal areas:

- 1 Building competitive advantage – Innovation, Costs, Skills & Infrastructure
- 2 Supporting indigenous start-ups
- 3 Assisting indigenous business to grow
- 4 Attracting inward entrepreneurial start-ups
- 5 Developing and deepening the impact of FDI
- 6 Developing employment initiatives within the community
- 7 Exploiting sectoral opportunities, including;
  - Manufacturing
  - Health/Lifesciences
  - Green Economy
  - Agri-Food
  - ICT Hardware and Software
  - Cloud computing
  - Digital Games
  - Tourism
  - International Financial Services
  - Business Process Outsourcing/Shared Services
  - Education Services
  - Construction
  - Retail/Wholesale
  - Arts, Culture and Creative Enterprise

### Key Actions

Some of the key actions in 2012 that will be delivered on and are dealt with more fully in the sections outlined above include:

1. Design and launch a new Development Capital Scheme, aimed at addressing a funding gap for mid-sized, high-growth, indigenous companies with significant prospects for jobs and export growth. €50 million of State investment is expected to leverage up to an extra €100 million in private sector funding over its lifetime.
2. Restructuring of the enterprise agencies in order to better target supports towards indigenous businesses with job-creation potential:
  - Establish a new Potential Exporters Division within Enterprise Ireland to target a wider group of potential exporting companies.
  - Establish a new “one-stop-shop” micro enterprise support structure through the dissolution of the existing CEB offices and the creation of a new Micro Enterprise and Small Business Unit in Enterprise Ireland that will work with Local Authorities to establish a new network of Local Enterprise Offices (LEOs) in each Local Authority.
  - Establish a joint Enterprise Ireland/IDA senior management team to work on cross-agency priorities such as attracting international start-ups, improving mentoring for SMEs, and helping SMEs win supply contracts from multinationals.
3. Extend the corporation tax exemption for start-up companies until 2014.
4. Help more small businesses win big contracts, including:
  - Measures to make public procurement more accessible to Irish SMEs, such as amending pre-qualification criteria, pre-qualification panels for SMEs and a new Procuring Innovation initiative which focuses on procuring solutions to specific needs, rather than prescriptive products or services.
  - Measures to help more SMEs to win contracts with multinationals based here.
5. Measures to target improved performance by indigenous companies, including:
  - Greater funding for mentoring and management development networks.
  - Long-term development programmes for 250 managers and short-term programmes for 700 managers.
  - Increased mentoring of SMEs by top business leaders, multinationals and large Irish companies.
  - Securing 750 new buyers for exporting Irish companies in 2012.

- Making 200 investments over €500,000 in EI-assisted firms in 2012.
6. The targeted temporary Partial Credit Guarantee for SMEs struggling to access credit will go live – for every €100 million extra in loans guaranteed under this demand-led scheme, over 1200 small businesses will benefit.
  7. The Micro Finance fund will go live, generating up to €100 million in extra lending for micro-businesses over ten years.
  8. The second call for Innovation Fund Ireland will go live, worth approximately €60 million, to invest in small Irish based high-tech companies.
  9. Attract more mobile international entrepreneurs to start businesses in Ireland through a €10 million State fund for investment in international start-ups, improvements to immigration arrangements, a targeted marketing campaign, greater use of existing networks in the IDA and the diaspora.
  10. Launch the Diaspora Finders Fee initiative (“Succeed in Ireland”) to attract greater numbers of inward investors to Ireland.
  11. Establish a Global Irish Network of advocates to maximise the opportunities from Diaspora interest in Ireland and secure greater investment in Ireland.
  12. Through the Strategic Investment Fund, channel commercial investment from the NPRF and matching investment from private sector investors towards productive investment in the Irish economy. The NPRF will also commit €250 million to the Infrastructure Fund, which will seek up to €1 billion from institutional investors in Ireland and overseas for investment in infrastructure in Ireland.
  13. Accelerate the delivery of economic outcomes from Government investment in research by implementing a Research Prioritisation Plan and enact new legislation to target the State’s research funding towards applied areas of research with strong potential for commercialisation and job-creation.
  14. The R&D tax credit system will be further improved, making it easier for small and large companies to invest in research and development.
  15. Initiatives targeting a number of key sectors where we see particular potential for job-creation, such as:
    - Manufacturing, including establishment of a Manufacturing Development Forum.
    - Establish a Health Innovation Hub to drive collaboration between the health system and the life sciences industry.
    - Publish and implement a Cross-Departmental Plan for the development of the Green Economy.

- Agri-food – including winning more investment from multinational food companies for Ireland.
- Cloud computing – including a Cloud Computing Strategy for the Public Service and establishment of a research centre in cloud computing.
- Establish a cluster development team for digital games.
- Establish industry clusters in these targeted sectors.

### Conclusion

With more than 270 actions covering a wide range of sectors and issues, this Plan is undoubtedly ambitious, but it represents accurately both the scale of the workload involved in turning our economy around and this Government's commitment to work tirelessly through each issue to ensure that change is delivered. To that end, in publishing the Plan, our focus is already looking towards the delivery of the first set of actions and the first quarterly reporting date in April.

The scale of the challenge is enormous. Our economy has taken a hit unlike few other countries in the developed world. But the determination to reverse the failures and begin to grow jobs again is equal to that challenge. It will not be easy and there are no quick fix solutions. It took many years of the wrong policy decisions to arrive at this point for our economy and our people and it will take several years to undo the damage done in those years. The 2012 Action Plan for Jobs sets out the actions, both major and some relatively minor, that will continue the process of rebuilding our economy, and achieving that goal as set out by the Taoiseach of making Ireland the best small country in the world in which to do business.

## Introduction

### Transformation We Can All Back

**The Taoiseach has set out the Government's ambition for Ireland to become the best small country in which to do business. The objective of this Action Plan for Jobs is to deliver on that ambition and create the environment where the number of people at work will increase by 100,000 - from 1.8 million to 1.9 million - by 2016, and reach 2 million people by 2020.**

The scale of Ireland's employment challenge is the compelling reason to put jobs at the very heart of this Government of National Recovery. Ireland has lost over 300,000 jobs in the past few years. Three-quarters of the losses are among those under the age of 30. We cannot afford the loss of this talent to emigration or unemployment. More than half of those out of work are already unemployed for over a year. Many will not be able to return to their previous occupations. This pattern is not sustainable socially or economically. Irish society must prioritise the actions that will help people find the jobs on which they can build their own lives and build thriving communities around them. As a country we need to become 'job obsessed'. We need to move from a 'can do' attitude to a 'must do' attitude. The Government can and will provide leadership in this challenge. This Action Plan is a first step. However, Government cannot do it alone - it depends on the sustained commitment of people in every community.

Other countries have shown that adversity and necessity can drive innovation and transformation. Ireland has many competitive advantages that give us good reason to be confident and ambitious. Ambition must be matched by actions that can change our future. It needs the mind-set that moves beyond regret at what has been lost, to embrace, champion and realise new ideas.

Real ground has to be painfully won back in all aspects of competitiveness. Winning back our national independence is not about going back to where we were. It is not about the easy prescription of an unviable stimulus package. The world has changed. We have to reinvent ourselves by undertaking far-reaching changes that have been too long postponed. The underlying weaknesses must also be corrected. We must not make the mistake of trying to build again over the same fault lines.

This Government is committed to a sustained programme of reform to ensure that this does not happen. The transformation will be driven by a new energy from Irish entrepreneurs supported by new thinking in public policy, but more important still, a new focus on implementation and results.

### Bold Ambitions

Only a clear ambition for the future will sustain people on a difficult road of change. Fixing the public finances and fixing the banks are crucial objectives which we are determined to achieve, but must not be seen as the goals of economic policy. They are constraints on what we can achieve, as is the climate of the European and international economy. Bold but realistic ambitions are justified and are needed to mobilise change. As part of its Action Plan for Jobs, the Government is setting a series of ambitions for the next decade:

- To become the best small country in which to do business.
- To get back to a top-5 ranking in international competitiveness.
- To build world-class clusters in key sectors of opportunity.
- To build an indigenous engine of growth that drives up the export market share of Irish companies.
- To get the number of people at work in the Irish economy back to two million.

The ambition of this Action Plan for Jobs is to create the environment where the number of people at work will increase by 100,000 - from 1.8 million to 1.9 million - by 2016, and reach 2 million people by 2020. The new net 100,000 jobs over the next five years to 2016 will be created via direct jobs in manufacturing (20,000) and internationally traded services (30,000) plus an additional 50,000 indirect spin-off jobs. This is a more ambitious target than any previously stated, reflecting our determination to focus on net job creation targets rather than gross jobs targets, recognising that action to retain jobs is as important as generating new employment opportunities.

We are not starting from scratch as we adapt policies to achieve these goals. Ireland has enviable strengths on which to build. Many of the most ambitious and creative companies in the world have selected Ireland as the base in which to build their success. Even in difficult economic times, Ireland has one of the best records in Europe of establishing new and innovative businesses. We have good grounds for confidence as we face this challenge.

However, change will not be without its difficulties and its detractors. It is all too easy to rationalise existing practices. Our ambition must be matched by the courage to know that significant transformation will be required to reach the future which we seek to create. We can be heartened that a little over fifty years ago, a determined public service with ambitious political leadership won the necessary public support to open up Irish society to a vast range of international opportunities. A similar challenge faces us now.

After a crash like ours, many workers have been displaced with scarce opportunity to return to previous work. The growth of long term unemployment has been a particular feature of this recession. We cannot afford to rely on a welfare system that is detached from the labour market. This Action Plan will be complemented by the Government's policy statement, Pathways to Work, which is designed to ensure that as the economy recovers, the unemployed will be in a position to fill the jobs that arise, particularly in emerging sectors.

Many of the actions outlined in the following chapters will help every business – small and large; exporting and trading locally; indigenous and foreign owned. While we are correctly pursuing an “export-led” strategy, it is not an “export-only” strategy, and this is evident in this Plan. For example, action to put downward pressure on energy, labour and business costs will benefit firms operating in the domestic economy at least to the same extent as others. Locally trading and small firms will benefit from our action to improve access to finance (e.g. the temporary Partial Credit Guarantee Scheme and a Micro Finance Fund). Positive impacts will accrue to small non-exporting firms from our new engagement with the banking sector to enhance its capacity. They will also benefit from steps to provide maximum opportunities to firms from public procurement contracts, and decreasing levels of red-tape. Employment in locally trading businesses will be supported by action to promote greater competition across the economy by increased supports for innovation and productivity programmes, by targeted capital investment in infrastructure, and enhanced broadband services. The domestic economy will be boosted under this Plan via the action taken to support start-up firms, develop management skills, promote better business practices and adoption of standards. These are just some examples of the actions included in this Plan that directly support small firms and the domestic economy.

The Government is committed to ensuring that job-creation measures are targeted in a balanced way across all regions. The IDA is committed to delivering 50% of investments to areas outside Dublin and Cork. The Government will also encourage all State agencies with a role in enterprise and job-creation to work together at a local level to identify the strengths and weaknesses of a region’s offering and improve the potential for job-creation in that region.

## **Reinvention and Adaptability**

The challenge for Ireland is to reinvent itself. It will be through the creativity and ingenuity of people in the private and public sectors that we will achieve this change. Just as jobs are at the base of any successful society, enterprise must be at the heart of any jobs programme. It is not government which creates jobs. Successful enterprises do. It is through ideas that can be successfully commercialised that we can create real value, change people’s lives, provide and sustain employment. We must make it easier for people to take on that difficult challenge of creating a business, putting their money and reputations on the line. We need to create an indigenous engine of growth that leverages off the remarkable FDI base, which we must also deepen and grow.

If we are to create a high-employment economy over the coming years, Ireland must be a quick adaptor to forces in the global economy. These forces are changing areas of opportunity and changing the business models that will succeed, requiring us to look further afield and to alter the source from which new investment is sought.

Successful economies will be those which anticipate the opportunities which these changes create and that have the adaptability to respond. The factors that determine a nation’s success will change. Many of these will favour Ireland. New opportunities are opening up in renewable energy and in food. They mark out high growth sectors with great potential where Ireland has many leading-edge international companies. Other factors will challenge Ireland with our high

dependence on imported fossil fuels, and the gap we still have to close in skills and technology. Foresight and flexibility must become hallmarks of our economic policy-making.

Nations, like individual enterprises, build success by creating and sustaining competitive advantage. It's founded on the quality of policy inputs and the capability of the country's people and its enterprises. Together they create the conditions for success. A huge variety of ingredients in policy and in enterprises contribute to the competitiveness agenda. It is less and less about the endowment of basic resources which once characterised the strength of nations, but is increasingly about the ingenuity with which both governments and businesses create value.

This Action Plan is developed under the following themes:

- 1. Building Competitive Advantage**
- 2. Supporting Indigenous Start-Ups**
- 3. Assisting Indigenous Business to Grow**
- 4. Attracting Inward Entrepreneurial Start-Ups**
- 5. Developing and Deepening the Impact of Foreign-Direct Investment**
- 6. Developing Employment Initiatives Within the Community**
- 7. Exploiting Sectoral Opportunities**

This Action Plan for Jobs is not just a policy statement. Too many bold policy launches have languished with little implementation. This Plan is a set of actions that will be taken in 2012. For each action of which responsibility is clearly identified and accountability will be demanded<sup>1</sup>. It is also the start of an annual process driving the priority for jobs across the whole of government.

### North/South cooperation

The benefits and potential of this Action Plan for North/South cooperation, including through the North/South Ministerial Council, for advancing job creation on an all-island basis is recognised. This includes Departments and agencies, North and South, continuing to work together to promote economic cooperation and recovery. It also includes the work of

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<sup>1</sup> Note that actions identified for Enterprise Ireland or IDA Ireland throughout this plan may involve or be delivered by Údarás na Gaeltacta or other regional actors for the areas or base of companies concerned.

InterTrade Ireland in increasing the level of North/South trade, increasing the level of North/South enterprise and enterprise agency collaboration through programmes such as the EU Framework Programme for Research and the EU Interreg Programme.

# 1 Building Competitive Advantage

## The Opportunity

We have a stated ambition to make Ireland the best small country in the world in which to do business. To achieve this objective, we must improve our competitiveness, develop our productive infrastructure and minimise administrative burdens on business. As the cost of doing business is reduced, firms in Ireland will become more competitive, sell more of their goods and services and employ more people. Ireland will also become a more attractive location to establish and locate a business. This objective is fully in keeping with the EU's *Europe 2020* strategy which puts an emphasis on the need for a new growth path that can lead to a smart, sustainable and inclusive economy while improving competitiveness and productivity. This can be achieved, in particular, by the opening up of services markets, improving the regulatory environment, ensuring access to finance, promoting energy efficiency and the creation of a true digital single market.

## Where we are today

Notwithstanding the problems in the banking, construction and retail sectors, the export focused enterprise sectors are performing strongly. Ireland's exporting companies are performing well, driven by significant competitiveness gains. Export volumes and values increased, while Ireland's market share in world trade also grew. Growth in exports was facilitated and supported by the reductions in the cost base for firms, as well as improvements in productivity. As a consequence of lower costs and higher productivity, unit labour costs have fallen. On the downside, however, high public debt, falling investment, and shortages of credit all weaken Ireland's competitive position, as do higher business costs.

The issue of a two speed economy - exports flourishing while domestic demand contracts – is of concern. These traits are a function of a recovering international environment where commercial opportunities for competitive trade exist; and of a domestic economy, where weak demand restricts growth prospects. Cost competitiveness is one of the key determinants of every firm's success. Notwithstanding the cost competitiveness gains made since 2008, a range of business inputs remain relatively expensive compared to other jurisdictions.

## The Challenges

A lack of economic competitiveness will inhibit the capacity of companies to create and maintain jobs. Since 2008, we have gradually regained some of the competitiveness we lost, but we must do more to ensure that our improvements in competitiveness are lasting and structural. For example, Ireland's energy cost competitiveness improved significantly in the past two years but our high exposure to price trends in imported fossil fuels and the need to provide for critical energy infrastructure limits the potential to influence energy cost competitiveness. This underlines the importance of increasing the penetration of cost

effective indigenous energy sources, particularly renewable energy. While Ireland's high exposure to imported fossil fuels significantly constrains the potential to improve energy cost competitiveness, there is therefore only limited scope to lower controllable costs in the Irish energy market.

We have embarked on an active legislative programme to remove barriers to competition in certain sectors and to improve costs, whilst re-structuring the entire way in which we support people who are out of work to develop their potential. We are consolidating the public finances in a way that minimises, to the greatest extent possible, adverse impact on enterprise and recovery. We announced the establishment of NewERA and the Strategic Investment Fund under the National Treasury Management Agency to maximise our resources to enhance growth in the Irish economy and support job creation. The Strategic Investment Fund, which will be the forerunner of the Strategic Investment Bank, will channel resources from the NPRF, on a commercial basis, towards productive investment in the Irish economy.

We are amending the Universal Social Charge to help the low paid, part-time and seasonal workers in labour intensive areas like the hospitality sector and in farming. From 1 January 2012, the exemption level is raised from €4,004 to €10,036. This will mean that taxpayers will be able to earn up to that level without incurring the USC. This measure benefits nearly 330,000 people and will assist people to move into the labour market.

The 9 per cent VAT rate introduced in the Jobs Initiative for certain services and the 13.5 per cent rate that applies to home heating oil, residential housing, general repairs and maintenance have been maintained.

We are restructuring the banking system and targeting interventions to address market failures in access to credit. The public sector is being reformed by rationalising structures and placing a renewed emphasis on results and accountability, with a more coherent shareholder approach. We also take this opportunity to restate that there will be no change in Ireland's 12.5 per cent corporate tax rate. Also, not increasing income tax was a key issue for Budget 2012, to ensure people would continue to have discretion on how they spend their income, and reflecting the fact that income tax and PRSI are taxes on jobs.

We present our actions for jobs growth in this section under five sub-headings:

- Research and Innovation to Drive Job Creation
- Improving Cost Competitiveness
- Aligning Skills with Enterprise Needs
- Infrastructure Investment to Underpin Employment Growth
- Reduced Costs through Sensible Regulation

### Research and Innovation to Drive Job Creation

Ireland's international competitiveness performance, and ultimately our ability to generate wealth, increasingly depends on our ability to sell differentiated, high-value products and services to global markets. The knowledge content of the goods and services produced here has, over time, increased significantly. Ireland embarked on a strategy from the late 1990s onwards of significantly enhancing the scientific, technological and innovative capacity of the enterprise sector and the country as a whole. This strategy has involved directly supporting research and innovation capacity within the enterprise sector and significantly scaling up the research capacity and science and technology infrastructure in Ireland's higher education institutions (HEIs) and other public research organisations, and creating better systems to facilitate collaboration between the two.

We have developed a solid base of research capability which is core to long-term growth of our enterprises and the development of sectoral opportunities. A number of agencies fund research through a spectrum of complementary programmes. Science Foundation Ireland funds approximately 3,000 researchers in teams across the scientific and technological spectrum. It has delivered above international average outcomes in terms of publications and citations. The SFI investment has been complemented by PRTL investment in research infrastructure and support by the HEA and two Research Councils for postgraduate education. Enterprise Ireland and IDA support the enterprise sector to engage in innovation through R&D grants to industry. Enterprise Ireland has generated collaboration between industry and research through a spectrum of programmes. It has provided funding into the HEI system supporting the commercialisation of research, generating a stream of start-up companies and technology licenses, and it has developed professional Technology Transfer Offices in HEIs.

Sectoral research funding has also been provided in areas such as agriculture, health, energy and the environment, playing an important part in building research capability in areas of national priority. In addition, sectoral research funding plays an important part in building research capabilities in areas of national importance. Specifically, the State has invested significantly in developing the research and innovation capabilities of the food, agriculture and marine sector through national programmes - the Food Institutional Research Measure (FIRM), the NDP Marine Research Sub-Programme, the Research Stimulus Programme- and also by accessing EU funding mechanisms including the Seventh EU Framework programme (FP7). Similar sectoral funding has been provided to improve capacity in other areas such as health, energy and the environment. In the area of digital start-ups, the National Digital Research Centre (NDRC), under the aegis of the Department of Communications, Energy and Natural Resources, also performs a role in progressing ventures from later-stage applied research to early product development.

The Government will continue to place science, technology and innovation at the heart of enterprise and jobs policies so that we are favourably positioned to capitalise on the opportunities that will arise as the global economy recovers. We need to focus now on the efficiency, effectiveness and impact of our research investment to deliver high quality and well paid employment. Innovation is not limited, of course, to research and work undertaken in universities and laboratories. Irish firms must also look to customers, suppliers, partners, and individuals for ideas. The Government recognises that innovation is a broad concept that has relevance to all aspects of business, including design, marketing, customer services, and finding new markets, and has tailored supports to reflect this.

The key economic outcomes which we aim to secure and which will drive policy across the State's innovation system include:

- The prioritisation of funding across areas of credible employment opportunity for Ireland.
- The commercialisation of research into specific goods and services which underpin employment, through licensing of technology to existing companies (indigenous and multinational), and through the development of High Potential Start Ups with real growth potential.
- Effective collaboration led by enterprise in undertaking research, development and innovation.
- The improved performance of enterprises engaged in collaboration in winning new markets through the effective absorption of new technology into their businesses.
- In that context, pursue funding and other opportunities under EU Horizon 2020 for specific sectoral activities of national importance.
- The placement of research personnel in Irish-based enterprises to enhance their development capability.

This policy framework will be clearly developed during 2012 and agreed indicators of performance will be developed and benchmarked across all existing programmes. We have set the basis for this new framework through a number of pieces of work that have been recently completed or nearing completion including the National Research Prioritisation Exercise, a review of the funding models for research centres and a new protocol for managing intellectual property (IP) from collaborative research. In addition a feasibility study is underway to examine opportunities around making Ireland an International Centre for Intellectual Property

Reflecting this new environment, funding models will evolve, particularly in the case of public research targeting direct economic/enterprise impact:

- A new “stage-gate” process will be employed to assess funding applications on criteria relating to both economic relevance/impact and scientific excellence/originality.
- There will be a rigorous review of existing research programmes to ensure coherence of objectives and to avoid unnecessary duplication.

Enterprise Ireland, IDA Ireland and SFI will enhance the ease/speed of engagement for companies allowing for an increase in the number of collaborating companies and, more importantly, an increase in the intensity of engagement (know-how, human capital transfer etc.).

EI and IDA will undertake actions to support in-company research and innovation and will support enterprises to identify and exploit academic research. The commercialisation of

research will remain a key priority for EI in using its industry contacts to encourage research of direct economic relevance and to ensure that it is brought to market quickly. EI/IDA will roll-out further Technology Centres based on demonstrated industry need/demand.

A new approach will be put in place to fund research centres so that there is a coherent infrastructure supporting the full continuum of research from basic to applied.

**We will accelerate the delivery of economic outcomes from Government investment in research. Therefore, in 2012, we will:**

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| 1.1 | <p>Adopt 14 priority areas for research based on the recommendations of the National Research Prioritisation Exercise, where publicly-performed research will underpin specific opportunities of direct relevance to enterprise and jobs. We will implement the priority areas in relevant research programmes by:</p> <ul style="list-style-type: none"> <li>▪ Establishing a “stage-gate” process to screen new projects for both economic relevance/impact and scientific excellence/originality;</li> <li>▪ Applying a rigorous performance monitoring system to demonstrate alignment with the prioritised areas and the impact arising.</li> </ul> <p>(Government and dedicated Prioritisation Action Group)</p> |
| 1.2 | <p>Adopt a new approach to funding Research Centres to concentrate on the identified priorities and to create a distinctive enterprise-focused culture in the centres concerned and coherence with IDA/EI supported Technology Centres.</p> <p>(DJEI, Science Foundation Ireland with Enterprise Ireland and IDA Ireland, DCENR)</p>                                                                                                                                                                                                                                                                                                                                                                                   |
| 1.3 | <p>Enact an applied research mandate for SFI linked to the priority areas, and the new approach to funding research centres so that research is better aligned to the needs of users.</p> <p>(DJEI)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 1.4 | <p>Establish new Technology Centres in Cloud Computing, Learning Technologies and Financial Services and undertake preparatory actions for Technology Centres linked to the priority areas (e.g. Connected Health, Pharmaceutical Production, Data Analytics, Medical Device Manufacturing).</p> <p>(DJEI, Enterprise Ireland, IDA Ireland and other funders as appropriate)</p>                                                                                                                                                                                                                                                                                                                                       |

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| 1.5 | <p>Agree and implement a new protocol for management of intellectual property (IP) associated with State funded research. Enabled by Enterprise Ireland, establish a strong Central Technology Transfer Office (CTTO) and strengthen further the Technology Transfer function so that enterprises can avail of the ideas with greater ease and certainty.</p> <p>(DJEI, Enterprise Ireland and other research funders, HEIs)</p>                                                                                                                                                                                                                                                                                                                                                               |
| 1.6 | <p>In the context of above initiatives, set new targets for industry participation and take-up of publicly-funded research across all enterprise-relevant research programmes so that the enterprise relevance will play a greater part in research activity including targets for:</p> <ul style="list-style-type: none"> <li>▪ Collaborative research with enterprise</li> <li>▪ Industry-based PhD students</li> <li>▪ Employment of trained researchers within industry</li> <li>▪ Licensing and spin-outs associated with HEI research</li> <li>▪ Enterprise participation in the EU Framework Programme (FP7)</li> </ul> <p>(Government via Inter-Departmental Committee on STI)</p>                                                                                                     |
| 1.7 | <p>Implement the improvements to the R&amp;D tax credit regime outlined in Budget 2012 so that:</p> <ul style="list-style-type: none"> <li>▪ Companies get up to 37.5% relief on all R&amp;D expenditure where there was no qualifying R&amp;D expenditure in 2003</li> <li>▪ The first €100,000 of R&amp;D expenditure of all companies will be allowed on a volume basis for the purpose of the R&amp;D Tax Credit</li> <li>▪ The outsourcing arrangements for R&amp;D purposes will be improved in a targeted manner to allow the greater of the existing percentage arrangement or €100,000</li> <li>▪ Companies will have the option to use some portion of the R&amp;D credit to reward key employees who have been involved in the development of R&amp;D</li> </ul> <p>(D/Finance)</p> |
| 1.8 | <p>Expand key programmes aimed at improving in-company innovation capability. This will deliver increases in:</p> <ul style="list-style-type: none"> <li>▪ Support for firms' R&amp;D programmes with the objective that 740 companies are committed to meaningful R&amp;D expenditure (in excess of €100,000 per annum)</li> <li>▪ Take-up and redemption of Innovation Vouchers (Target: 450)</li> <li>▪ Attract 100 companies to avail of R&amp;D tax credit for the first time</li> <li>▪ The quality and quantity of R&amp;D projects which secure over €100,000 investment (Target: 80)</li> </ul> <p>(Enterprise Ireland)</p>                                                                                                                                                           |

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| 1.9  | <b>Undertake a feasibility study to examine what structures and policies could be developed to make Ireland a world centre for managing and trading in intellectual property.</b><br><br>(DJEI)                     |
| 1.10 | <b>Host the “Big Ideas “Showcase in 2012 to focus on securing investment and identifying business partners that will bring new technologies to the next stage of commercialisation.</b><br><br>(Enterprise Ireland) |
| 1.11 | <b>Support the Dublin City of Science (ESOF) event in July 2012 which will provide a global showcase for Irish research and innovation.</b><br><br>(DJEI, Chief Scientific Advisor, Organising Committee)           |

## Improving Cost Competitiveness

Cost competitiveness is one of the key determinants of every firm’s success. Since 2008, we have gradually regained some of the competitiveness we lost, but we must do more to ensure that our improvements in competitiveness are lasting and structural. The latest research shows that cost reductions have resulted primarily from cyclical factors like the collapse in consumer demand, domestically and internationally. If Ireland is to face down emerging threats such as increasing global oil prices and inflation, Irish policy must deliver outcomes which embed lasting, structural reform.

The cost of labour can account for as much as three-quarters of location sensitive costs and Ireland has the tenth highest total labour costs level in the OECD. While price moderation has occurred in a range of business services, in many cases Irish prices are coming down from a high base and the cost of a range of business inputs remain relatively expensive compared to other jurisdictions. The cost of constructing and renting business property has declined sharply - however, in relative terms, the impact of these decreases on Irish cost competitiveness has been reduced as there have also been significant cost decreases in many other countries. The impact of price trends in imported fossil fuels also exposes our enterprise base to significant energy costs. Therefore a focus in 2012 on labour, business and property costs and energy efficiency can enhance our competitive position and help this to be sustained.

**Further progress can be made on reducing the cost of doing business, therefore in 2012 we will:**

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| 1.12 | <p>Enact legislation to reform wage setting mechanisms.</p> <p>(DJEI)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 1.13 | <p>Simplify and extend the Employer Job (PRSI) Incentive Scheme, which exempts employers from liability to pay their share of PRSI for certain employees. The scheme will be extended to cover the first 18 months of employment.</p> <ul style="list-style-type: none"> <li>▪ Eligibility criteria for the scheme will be amended to <ul style="list-style-type: none"> <li>○ Allow time spent on the Work Placement Programme and JobBridge count as the qualifying period for the scheme</li> <li>○ Allow persons on eligible payments undertake short SOLAS courses without impacting on their eligibility</li> <li>○ Allow time spent in casual unemployment count towards the qualifying period for the scheme, where a person is progressing to a new full-time job offered by a different employer</li> <li>○ Allow linking periods for illness payments provided on qualifying payment immediately prior to commencement of employment</li> </ul> </li> </ul> <p>(D/Social Protection)</p> |
| 1.14 | <p>While cognisant of security of supply and environmental goals, take a series of actions to manage energy costs:</p> <ul style="list-style-type: none"> <li>▪ Ensure that investment in energy (electricity and gas networks) infrastructure is as cost effective as possible, that any delays in rolling out these infrastructures are minimised, and that subsidies for energy generation are cost effective.</li> <li>▪ As required by the EU-IMF agreement and based on the results of the IEA assessment of the efficiency of the electricity and gas sectors, we will further strengthen the regulatory and market reform programme in consultation with European Commission Services, with a view to increased efficiency, improved governance, strengthened competition and improving these sectors' ability to contribute towards covering Ireland's financing needs and improving its growth potential and economic recovery.</li> </ul> <p>(DCENR, SEAI, EPA, and others)</p>          |
| 1.15 | <p>Request that Government Departments and Bodies assess by end March 2012 which charges levied by them on businesses are amenable to reduction in the short-term, or frozen for 24 months</p> <p>(DJEI and all Departments)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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| 1.16 | <p>Place downward pressure on insurance costs and the cost of legal services via enactment of The Legal Services Bill.</p> <p>(D/Justice)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 1.17 | <p>Build on the positive response to date from Local Authorities to requests from Government to exercise restraint in setting rates for businesses, to minimise costs imposed on businesses and assist struggling firms in any way they can, with a need for continuing restraint and lower costs in the coming years.</p> <p>In particular, we will:</p> <ul style="list-style-type: none"> <li>▪ Accelerate the programme of revaluation of commercial premises, which will provide a basis for an adjustment in the burden of commercial rates. (with D/PER and the Valuation Office)</li> <li>▪ Encourage Local Authorities to exercise restraint in setting of commercial rates for 2012, which is a reserved function of Local Authorities.</li> <li>▪ Require Local Authorities to consider the impact of development contributions on businesses and competitiveness generally. Development contribution schemes will continue to be used to support capital investment by Local Authorities in the provision of necessary infrastructure and services, which will create jobs.</li> </ul> <p>(D/EC&amp;LG)</p> |
| 1.18 | <p>Encourage all professionals (accounting, taxation, legal etc.) supplying the business sector and consumers to provide price quotations in advance.</p> <p>(DJEI)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 1.19 | <p>Promote greater competition and reduce costs in the health sector by enacting legislation relating to general practice.</p> <p>(D/Health)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 1.20 | <p>Introduce a more effective enforcement regime for competition offences by enacting the Competition (Amendment) Bill 2011.</p> <p>(DJEI)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 1.21 | <p>Merge the Consumer and Competition Agencies to maximise the benefits for consumers and business arising from the interdependence between consumer and competition policies.</p> <p>(DJEI)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| 1.22 | <p>Encourage a competitive regime for waste services via careful design of the regulatory framework.</p> <p>(DEC&amp;LG)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 1.23 | <p>Finalise the strategy for future structure for water services delivery to ensure an improvement in efficiency and delivery.</p> <p>(DEC&amp;LG)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 1.24 | <p>Place downward pressure on commercial rents in respect of which NAMA has acquired the loan on the underlying property, by:</p> <ul style="list-style-type: none"> <li>▪ Appointing an independent valuation of market rent where necessary</li> <li>▪ Encouraging landlords of business premises to consider ameliorating rents that are in excess of the current prevailing market levels</li> <li>▪ Assessing rent reduction applications</li> <li>▪ Timely engagement following direct contact from a tenant who is not getting satisfaction in negotiations with his NAMA landlord</li> </ul> <p>(D/Finance, National Asset Management Agency)</p> |
| 1.25 | <p>Bring down the cost of acquiring commercial property by reducing the Stamp Duty rate from 6% to 2% and the introduction of a Capital Gains Tax incentive for property purchased up to the end of 2013 and held for at least seven years.</p> <p>(D/Finance)</p>                                                                                                                                                                                                                                                                                                                                                                                        |
| 1.26 | <p>Promote business supports to promote energy efficiency and reduce cost, including energy audits, energy management training, mentoring and advice and the Accelerated Capital Allowances scheme which supports businesses in purchasing plant and machinery that are highly energy efficient.</p> <p>(DCENR, SEAI, EPA, Enterprise Ireland, IDA)</p>                                                                                                                                                                                                                                                                                                   |

There is a direct link between the costs of doing business and businesses ability to thrive and expand employment. A critical element of becoming the best small country in which to do business, is identifying those areas which are unnecessarily adding costs to doing business, whether that is through administrative delays, restricted competition, poor regulation, and/or weak oversight, and taking action to address them. The following table outlines those areas which the Government is going to target based on research evidence to include international benchmarking of costs.

**Further research to benchmark Ireland against international best practice and to inform additional actions to address high business cost is required, therefore in 2012 we will:**

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| <b>1.27</b> | <b>Benchmark and develop actions to systematically reduce excessive key business costs or delays.</b><br><br><b>(Forfás, DJEI)</b>                                                                              |
| <b>1.28</b> | <b>Develop a set of competitiveness targets that are amenable to domestic action to restore Ireland's ranking.</b><br><br><b>(Forfás, DJEI)</b>                                                                 |
| <b>1.29</b> | <b>Analyse the costs associated with exporting and set out an action plan to reduce these costs.</b><br><br><b>(Forfás/ DJEI)</b>                                                                               |
| <b>1.30</b> | <b>Review public transport regulation with a view to reform that will reduce costs via increased competition.</b><br><br><b>(DTTS)</b>                                                                          |
| <b>1.31</b> | <b>Identify changes in the operation of sectoral regulators that would enhance cost competitiveness.</b><br><br><b>(Forfás, DJEI)</b>                                                                           |
| <b>1.32</b> | <b>Identify any sheltered areas of the economy where competition is restricted and commission studies on such areas where appropriate.</b><br><br><b>(DJEI, Competition Authority)</b>                          |
| <b>1.33</b> | <b>Examine the feasibility of introducing a new structured and non-judicial debt settlement and enforcement system to meet SME needs - "Examinership Light".</b><br><br><b>(DJEI, Company Law Review Group)</b> |

## Aligning Skills with Enterprise Needs

Economic recovery will depend significantly on the quality of skills available in our workforce. A clear link has been demonstrated internationally between skills and qualifications levels on the one hand and productivity and income growth within the economy on the other. People with higher level skills and qualifications tend to have higher participation rates in the labour market, higher earnings and lower rates of unemployment. It is vitally important that those who exit the education and training system have relevant and up-to-date competencies required for the 21st Century labour market. Equally, our enterprise base requires an education and training system that is flexible and responsive to its evolving skills requirements. This is essential not only for attracting high value-added investment and highly skilled job creation, which has significant beneficial impacts on the wider economy, but also for stimulating entrepreneurship and developing a competitive and vibrant indigenous enterprise base capable of competing in world markets.

The National Strategy for Higher Education reflects the central role that the education system has to play in our economic renewal and places a strong emphasis on improving the engagement between higher education institutions and enterprise to underpin the relevance of programme and curriculum design and to improve the quality and employability of Irish graduates.

The need to move to higher levels of skill as outlined in the National Skills Strategy has not dissipated in the current recession. Virtually all occupations are becoming more knowledge-based, requiring an increasing breadth of knowledge, rising technical and regulatory requirements and continual learning. Globalisation is continuing apace, human capital has become highly mobile and competition for high level skills internationally in areas such as ICT and Life Sciences remains intense. The proliferation of new and emerging technologies requires continuous responsiveness to capitalise on their potential. As skills needs change, the education and training system needs to respond and adapt accordingly.

Ireland has responded well to raising the skills profile of the labour force. The number of graduates has increased by over 50% in the past decade and Ireland has now reached fourth position in the OECD for tertiary attainment for 25 – 34 year olds (48%) and first in the EU 27. Since 2002, the number of higher education graduates in the labour force has increased from 531,000 to over 830,000 in 2011. Just over 40% of people in the current labour force have third level educational attainment and above. Over the same period, the number of people with lower secondary level education and below has decreased from 546,000 to 384,000. 18% of people in the work force have lower secondary education and below compared to 30% in 2002, representing a significant improvement in the general skills profile of the labour force.

Currently Ireland's Higher Education system produces approximately 55,000 graduates a year at undergraduate and post graduate levels. The Further Education and Training sector has responded to the rise in unemployment and continues to upskill those in employment. There were 177,000 FETAC Award Holders in 2010 – an increase of 48,000 (37%) since 2007.

Despite these positive trends, there are clearly some areas that need to be addressed:

- Ireland's position in the OECD's education (PISA) rankings have fallen and Ireland still has a relatively high proportion of those with low levels of

qualifications. Long term unemployment continues to rise reflecting a significant structural element to employment losses.

- Skills shortages continue to persist despite the recession. Employers are having difficulties in finding suitably qualified and experienced people in the areas of ICT, Engineering, Science, Finance, Health, and Sales. Skills shortages in the Science, Technology, Engineering and Mathematics (STEM) disciplines are particularly acute.
- While the level of issuance of work permits has dropped substantially since the peak of 2007, most of the areas where they continue to be issued mirror the above areas of skills shortage. However, a surprising number are in traditional manufacturing and service areas that could be opened up by targeted traineeships.

The Government is making education and training central to this Action Plan so that we can equip people, particularly those that have lost their jobs, with the skills that enterprises need in order to maximise both benefits for the learner and for businesses. On top of current provision, the Government delivered over 20,000 additional targeted education, training and internship places under the Jobs Initiative in 2011, including Specific Skills Training, PLC programmes and higher education programmes linked to skills shortages under Springboard. We need to build on this work.

Within the school system, the importance of Science, Technology, Engineering and Maths (STEM) needs to be widely and fully understood, and considerable efforts are being made through the Discover Science and Engineering programme to address this. In addition, through SOLAS, the Government is determined to shape further education and training provision and ensure that it reflects the needs of individuals and enterprise and contributes significantly towards the National Skills Strategy upskilling objectives. Our focus now needs to be on ensuring relevance in the programmes delivered and that they are targeted appropriately at those that need it most and who have the right aptitudes for the programmes.

The Government will also continue to roll out the Literacy and Numeracy Strategy in the Early Care and Education Sector, as the impact of improvements for children in this age group will be felt throughout the life cycle and will support increased capacity in maths and sciences at later stages of education.

We will ensure that people in the Irish labour market, particularly those that have lost their jobs, have access to a quality further and higher education and training system that is aligned with and responsive to the needs of enterprise. In 2012 we will take the following actions:

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| 1.34 | <p>To ensure unemployed persons have access to relevant education and training solutions, the Government will:</p> <ul style="list-style-type: none"> <li>▪ Allocate €20 million for a new Education and Training Fund to deliver 6,500 places for the long-term unemployed. (DES).</li> <li>▪ Prioritise places, including in the further education and training sector, specifically for those on the Live Register for 12 months or more (DSP, DES, SOLAS).</li> <li>▪ Continue to reflect the recommendations of the Expert Group on Future Skills Needs in all new Labour Market Activation programmes. (DSP, DES, Forfás, HEA, SOLAS)</li> <li>▪ Issue a new call under the Springboard programme for courses that are aligned with areas of skills shortages as identified by the Expert Group on Future Skills Needs targeted at the unemployed (DES, HEA).</li> <li>▪ Having regard to objectives of Pathways to Work, establish a formal process to ensure that the training provided under the auspices of SOLAS is consistent with the demands of the labour market and the needs of individuals to regain and secure employment.</li> </ul> <p style="text-align: right;">(DES, SOLAS, DSP, DJEI, Forfás, Industry)</p> |
| 1.35 | <p>To respond to immediate shortages in the ICT sector, the Government will:</p> <ul style="list-style-type: none"> <li>▪ By June 2012 provide 1,400 places on ICT programmes in the first phase of Springboard, from which 550 are due to graduate with awards at honours degree or masters level; and</li> <li>▪ Commence a one year Level 8 graduate conversion programme in core computing early in 2012 (DES, HEA).</li> </ul> <p style="text-align: right;"><i>Other actions are set out in the ICT Sector section of this report</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 1.36 | <p>To incentivise greater participation in Science, Technology, Engineering and Mathematics and highlight areas of skills shortages the Government will:</p> <ul style="list-style-type: none"> <li>▪ Provide bonus points for students taking leaving certificate higher level mathematics from 2012.</li> <li>▪ Continue to disseminate the work of the Expert Group on Future Skills Needs on future trends and vacancies to schools and guidance counsellors, appropriate websites (e.g. Qualifax, Careers Portal, Career Directions) and through the media. (EGFSN, Forfás, DES, Education and Training Providers).</li> </ul> <p>Examine the scope to make available a very limited number of bursaries that would be linked to the take-up of specified skills in high demand. (DES)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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| 1.37 | <p>The Government will in 2012, through its Discover Science and Engineering programme, promote the study of the physical sciences to students by:</p> <ul style="list-style-type: none"> <li>▪ Engaging early second level students (12,000) through its Discover Sensors programme which supports inquiry based learning in Junior Certificate Science.</li> <li>▪ Encouraging the take-up of science, technology, engineering, and mathematics (STEM) and communicating the variety of career opportunities to older second level students, teachers and parents through CareersPortal.ie : <ul style="list-style-type: none"> <li>○ First Online Careers Fair, January 2012</li> <li>○ Careers focus in Science Week (120,000 participants), November 2012</li> <li>○ Launching in 2012 an enterprise-led partnership to support the skills common to both the education curriculum and business, so as to enrich students overall experience and to ensure better informed students and parents on careers and opportunities in STEM enterprises.</li> </ul> </li> <li>▪ Focussing its other programmes to assist 3,000 schools and 5,000 teachers through, for example, Discover Primary Science and Maths.</li> </ul> <p style="text-align: right;">(DJEI/SFI)</p> |
| 1.38 | <p>To improve linkages between higher education and enterprise, the Government will:</p> <ul style="list-style-type: none"> <li>▪ Introduce of a new system of strategic dialogue to align funding of higher education institutions to performance in the achievement of national objectives for system development and priorities in relation to skills development (HEA).</li> <li>▪ Introduce a systematic approach to the national surveying of undergraduate and postgraduate students and employers to inform institutional and programme management and development (HEA).</li> <li>▪ Publish guidelines for the establishment of higher education institutional clusters at a regional level to support enterprise development and employment needs (HEA).</li> <li>▪ Introduce a targeted funding scheme for research masters scholarships with strong enterprise focus.</li> </ul> <p style="text-align: right;">(HEA)</p>                                                                                                                                                                                                                                                                                                                                      |
| 1.39 | <p>To foster greater alignment between the Further Education and Training sector and the labour market the Government will:</p> <ul style="list-style-type: none"> <li>▪ Evaluate VEC further education and existing training programmes on an ongoing basis, including by the new further education and training authority - SOLAS - to establish which are effective in delivering on the skills required in specific sectors and occupations, and provide the transferable skills that enhance employability.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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|      | <ul style="list-style-type: none"> <li>Review the Apprenticeship training model, including costs, duration and demand with a view to providing an updated model of training that delivers the necessary skilled workforce to service the needs of a rapidly changing economy and ensures appropriate balance between supply and demand.</li> </ul> <p>(DES, SOLAS)</p> |
| 1.40 | <p>In the context of the new <i>Children and Young People's Strategy</i>, the Government will, review the structures and funding of youth work and support services to ensure that they support the development of the skills needed by enterprises.</p> <p>(D/Children &amp; Youth Affairs)</p>                                                                       |

## Infrastructure Investment to Underpin Employment Growth

In November 2011, the Government presented its medium term framework for infrastructure and capital investment. Despite the fiscal constraints, we have committed to ensuring that:

- Ireland's stock of infrastructure is capable of facilitating economic growth, and that the investment programme directly supports employment in construction and other sectors.  
Employment will be maintained and created under the capital programme by, for example, the delivery of an additional 40 schools and expansion or new buildings for another 180, the development of the new National Children's Hospital, investment in maintenance of the National Road Network, improvement of specific road segments, the development of the cross city LUAS line, supporting the commercial sector in delivering next generation broadband technology, and committing Exchequer resources should specific instances of market failure arise, and continued investment to enhance Ireland's tourism product offering. Overall, the Government's capital investment in infrastructure can be expected to sustain in the region of 30,000 construction and related jobs annually.
- The enterprise development agencies have sufficient resources to foster opportunities for enterprise development and job creation.  
The Department of Jobs, Enterprise and Innovation secured an increase in its capital budget, from €508million to its highest ever level of €514million in 2012, reflecting the priority accorded to job creation by the Government.

Working together, NewERA (the New Economy and Recovery Authority), with involvement from the commercial semi-State Companies, and the NPRF, through the Strategic Investment Fund, are expected to play a role in providing investment into key areas of the Irish economy. Such investment capital will be a platform for job creation and will be delivered by identifying and developing commercial investment opportunities in key sectors and then attracting capital

to finance activities in these sectors and the wider economy. The sectors identified in this regard include the SME sector, energy, water, broadband, transport, general infrastructure and venture capital.

The expected role of NewERA and the NPRF was set out in the *Infrastructure and Capital Investment 2012-16: Medium Term Exchequer Framework*:

- The establishment of NewERA and the Strategic Investment Fund (both commitments of the Programme for Government), under the National Treasury Management Agency (NTMA), was announced in September 2011.
- NewERA and the SIF are central to the Government's plans for job creation and investment and for reforming how the Government manages its semi State companies. It will also be instrumental in maximising our resources to enhance growth in the Irish economy.
- Using existing NPRF resources and proceeds from the sale of State assets, subject to the agreement of the external partners, NewERA will work with line Departments and the private sector to develop and implement proposals for commercial investment, in line with Programme for Government commitments in Energy, Water and Broadband.
- It will also examine other commercial investments and build upon existing work by the NPRF by developing a Strategic Investment Fund (as a forerunner for a Strategic Investment Bank), which will seek matching commercial investment from private investors, and will put in place a commercially-financed investment programme in key areas of the economy to support demand and employment in the short-term, and to provide the basis for sustainable, export-led jobs and growth for the next generation.
- Streamlined and restructured semi-States will make significant additional investments over the next four years in 'next generation' infrastructures in the energy, broadband, forestry and water sectors.

The availability of advanced broadband services offers significant development opportunities to Ireland to capture new growth for entrepreneurship and jobs in existing and emerging sectors (e.g. digital media, cloud computing, education). To achieve productivity growth, it is also important to improve competitiveness across all sectors and to support regional development.

Ireland has made significant progress in terms of the widespread availability and take-up of basic broadband services by firms and households. While larger enterprises generally have access to high quality bandwidth, there is still a gap in terms of availability of high speed broadband for smaller businesses and consumers, and in the take up of such services where they are available.

We need to make it easier for the private sector to invest in the roll out of advanced broadband services (e.g. measures to lower investment costs, reduce red tape and stimulate demand). The Minister for Communications, Energy and Natural Resources is currently chairing the Next Generation Broadband Taskforce which is charged with identifying actions that would support the private sector in rolling out advanced broadband services in Ireland. It is expected that the Taskforce will report in March 2012.

**Delivering priority infrastructure to help every business compete for and win new business and improve efficiency remain central to our strategy for growth therefore we will:**

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| 1.41 | <p>Invest €3.9 billion of exchequer capital in 2012 to ensure Ireland's infrastructure can facilitate economic growth, including €514 million in capital investment for direct enterprise support and development.</p> <p>(Department of Public Expenditure and Reform / DJEI)</p>                                                                                                                                                                    |
| 1.42 | <p>Ensure NewERA works with the State and private sectors to develop and implement proposals for commercial investment in line with Programme for Government commitments in energy, water and broadband.</p> <p>(Government / NewERA/ NPRF)</p>                                                                                                                                                                                                       |
| 1.43 | <p>Through the Strategic Investment Fund, channel commercial investment from the NPRF towards productive investment in the Irish economy and seek matching commercial investment from private investors. The NPRF will also commit €250 million to the Infrastructure Fund, which will seek up to €1 billion from institutional investors in Ireland and overseas for investment in infrastructure in Ireland.</p> <p>(Government / NewERA/ NPRF)</p> |
| 1.44 | <p>Ensure that transport infrastructure supports enterprise development and sustainable job creation by the targeted upgrading of specific road and public transport infrastructure where such projects are clearly demonstrated as critical to economic development through improving competitiveness and market access.</p> <p>(DTTS)</p>                                                                                                           |
| 1.45 | <p>Building on the work of the Next Generation Broadband Taskforce, we will agree advanced broadband targets and milestones for Ireland, identify the infrastructure deficits nationally and then develop and implement a plan to achieve these targets.</p> <p>(DCENR)</p>                                                                                                                                                                           |

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| 1.46 | <b>Roll-out delivery of 100 Mbps broadband services to all second level schools, with 200 connected in 2012.</b><br><br><b>(DCENR/DES/HEAnet)</b>    |
| 1.47 | <b>Integrate the foreshore consent process under the Foreshores Acts 1933 with the existing on-land planning system.</b><br><br><b>(D/EC&amp;LG)</b> |

## Reduced Costs through Sensible Regulation

A smart approach to Regulation balances costs and benefits, and ensures that the benefits of good regulation are achieved in the most efficient and effective manner possible, ensuring competitive markets and reduced prices, better quality and more choice for consumers. Better Regulation seeks to improve the mechanisms through which legislation is developed, with the aim of removing systemic inefficiencies. Regulation is smart when policy is evidence-based. This agenda includes not just reducing 'red tape' and administrative burdens for business across all of Government, but includes the Better Regulation agenda of ensuring existing and new regulations and legislation is proportionate and targeted, balancing costs and benefits for enterprises and society, and also ensuring that sectoral and economic regulation across government generally is cohesive and effective and promotes open and competitive markets. There is recognition of the importance of driving the regulatory reform agenda in the Programme for Government.

Currently, the Department of Jobs Enterprise and Innovation has a number of processes underway to seek to reduce administrative burdens for business. In March 2008 Ireland set a target to reduce the administrative burden of regulation on business by 25% by 2012, by means of the International Standard Cost Model, an activity-based-costing approach, which monetises the time spent by business dealing with administrative requirements arising from legislation. Ireland has opted for a prioritised approach to the measurement of burdens, as burden reduction activity in other countries has shown that a significant proportion of burdens arise from a selected field of legislation.

At present each government department has responsibility for their own administrative burden programme. The Department of Jobs Enterprise and Innovation is charged with responsibility for co-ordinating the exercise on reducing burdens on business. The exercise underway will produce measurement data for seven Departments and the Revenue Commissioners, with results expected for the first 3 Departments in Q1 2012 and in the remaining Departments in Q2/Q3 2012.

The Department of Jobs Enterprise and Innovation has already reduced business burdens within its own responsibility by 23%, and continues to drive and support the measurement and

simplification of burdens arising in other Departments. There is also a High Level Group (HLG) on Business Regulation in place under DJEI, comprising members of the business community, including SFA, RGDATA, IBEC, ISME, ICTU representation and officials from Revenue, the CSO, Forfás and the Departments of Public Expenditure & Reform, and Environment, Community and Local Government. The Group works with business to identify specific red tape issues causing burdens for business, and to seek their solution with the relevant Departments and Bodies across Government.

Delivering on the Better Regulation agenda requires the involvement of all Government Departments. However, the effort needs to be synchronised to ensure the consistency and robustness of Regulatory Impact Analysis (RIA) of proposed legislation or restatement of regulations, as well as representing Ireland at European Working Groups and other fora. This responsibility was formerly within the Department of Taoiseach and there is now a lacuna at the centre of Government as this responsibility has yet to be reassigned.

Economic and sectoral regulation is currently dispersed across a range of sectoral Departments and sectoral regulators from energy and communications to transport and other areas, with limited mechanisms for co-ordination and for ensuring coherence as between regulated areas. Again there is a need for greater cohesion and co-ordination, in particular to ensure alignment with competition policy in general.

**The Better Regulation agenda has the potential to deliver further cost savings and efficiencies for firms across the country and assist them in growing employment, therefore in 2012 we will:**

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| <b>1.48</b> | <b>Reform and consolidate the five existing employment rights institutions into two simplified and streamlined bodies.</b><br><br><b>(DJEI)</b>                                                                                                                                                                                                                                                                                                                                 |
| <b>1.49</b> | <b>Audit and review the multiplicity of licences required by businesses to assess the potential for discontinuing some licences and for amalgamating licences.</b><br><br><b>(Forfás)</b>                                                                                                                                                                                                                                                                                       |
| <b>1.50</b> | <b>Deliver the potential for reduction in administrative burdens in national regulatory regimes across the following Departments: Social Protection, Communications, Energy &amp; Natural Resources, Public Expenditure &amp; Reform, Transport, Tourism &amp; Sport, Health, Environment, Community &amp; Local Government, Agriculture, Food &amp; Marine, and the Offices of the Revenue Commissioners to meet the overall 25% target.</b><br><br><b>(DJEI / Government)</b> |

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| 1.51 | <p>Launch a single web portal for business compliance information.</p> <p>(DJEI)</p>                                                                                                                  |
| 1.52 | <p>Ensure that all requirements for establishing businesses which are amenable to electronic compliance will be available on line.</p> <p>(DJEI and all relevant Departments/bodies)</p>              |
| 1.53 | <p>Examine options for a more cohesive approach to Better Regulation across Government and introduce new structures to improve coordination and synchronisation.</p> <p>(DJEI, DPER, D/Taoiseach)</p> |

## 2 Supporting Indigenous Start Ups

### The Opportunity

Creating an indigenous engine of economic growth is central to revitalisation of the Irish economy. Entrepreneurship, and the start-up companies that emerge as a result, provides the feed-stock for future exports and employment. Start-ups are one of the means by which new sectors take root in Ireland. They are the lifeblood of local economies and make an important contribution to regional development. Despite the changed economic environment, ambitious indigenous companies, with highly innovative products and business development strategies are continuing to successfully build their presence in export markets. In these more challenging times, many turn to entrepreneurship as a means of creating employment for themselves.

Entrepreneurship activity provides the Irish economy with increased levels of innovation in the market place, increased productivity, cost efficiency as well as employment. Although the opportunity to export presents itself for all sectors, many firms will continue to focus exclusively on the domestic market. Many will remain small scale by choice. All play an important role in economic development however. It is critical that we create an environment that supports entrepreneurs and small businesses in every way possible to expand, create jobs and contribute to our economic growth.

### Where we are today?

According to Global Entrepreneurship Monitor (GEM) analysis for 2011, Ireland continued to exhibit a high rate of early stage entrepreneurship among the adult population (7.2%) compared to its European counterparts (ranked 4th out of 12 of EU 15 countries surveyed) and there continues to be a high level of established owner managers. The Government is continuing the drive to support dynamic start-ups with the potential for high growth and 2011 saw an increase in new start ups and job creation supported under Enterprise Ireland's High Potential Start-up Programme. In addition, some 55 very early stage entrepreneurs establishing in fast paced sectors received financial support under the Competitive Start Fund, while Enterprise Ireland's support of the technology transfer offices in Higher Education Institutes has lead to the creation of 30 spin out companies. County Enterprise Boards offer a first port of call for prospective business start ups and are playing a vital part in entrepreneurship stimulation within local communities. Ensuring Ireland has a first class investment eco-system that meets the needs of Irish entrepreneurs, small and expanding companies continues to be major objective of national policy.

In today's challenging economic conditions, Irish companies have proven to be resilient and relentless in their pursuit of market opportunities. Record levels of exports were achieved during 2011 and employment levels have stabilised in Irish exporting companies. While foreign direct investment must and will remain an important part of our economic strategy, indigenous businesses will be the key to achieving the levels of growth and employment that we need.

### The Challenge

Entrepreneurial drive must be captured and nurtured to help individuals and firms realise their goals, which in turn will generate the employment opportunities of the future. This will mean providing new, targeted funding mechanisms, removing as many State imposed costs as possible, streamlining supports and points of contact for entrepreneurs, further enhancing start-up activities at third-level, and developing our mentoring systems and structures. Since 1989, significant investment (€61.4m) has been approved for the development of Community Enterprise Centres (CECs) across the country. These centres currently accommodate 875 companies employing 5,000 people. Safeguarding and leveraging the investment already made is now critical particularly in light of the regional dimension; these centres are located in areas which are often lacking in office or industrial infrastructure.

In addition to Community Enterprise Centres, the Digital Hub Development Agency (DHDA) is supporting a cluster of new indigenous digital media companies, employing 800 people. 160 companies have been located at the DHDA since 2003 and many of these have gone on to notable success and expansion. The DHDA also hosts the National Digital Research Centre which supports the translation of digital research into new commercial enterprises. Capturing the potential for job creation from the emerging digital media sector, including digital games which are dealt with in Chapter 7.7, presents a significant new opportunity for Ireland to build high value jobs.

It is generally accepted that a proportion of the loan applications from start-ups and micro-enterprises which are declined by Banks, even in good economic circumstances, are inherently creditworthy and should be funded. A Microfinance Loan Fund is currently being developed to provide loans to sustainable microenterprises. It will be targeted at newly established, or growing micro enterprises across all industry sectors, employing not more than 10 people. It will provide loans of up to €25,000 for commercially viable proposals that do not meet the conventional risk criteria applied by commercial banks.

### Supports for entrepreneurs and start-up firms can be enhanced further, therefore in 2012 we will:

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| 2.1 | <p>Enact legislation to reflect the Budget announcement to extend the corporation tax holiday for those companies that commence a new trade in the years 2012, 2013 and 2014.</p> <p style="text-align: right;">(D/Finance)</p>                                                                                                                                                                                                                                                                                                                                                                                                    |
| 2.2 | <p>Establish a new “one-stop-shop” micro enterprise support structure through the dissolution of the existing CEB offices and the creation of a new Micro Enterprise and Small Business Unit in Enterprise Ireland that will work with Local Authorities to establish a new network of Local Enterprise Offices (LEOs) in each Local Authority. The new LEOs will combine the enterprise support service of the previous CEBs and the business support work of the Business Support Units in the Local Authorities. A key role will be providing mentoring for micro-business.</p> <p style="text-align: right;">(DJEI, DECLG)</p> |

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| 2.3 | <p>Roll-out the micro-finance fund, to provide loans of up to €25,000, targeted at start-up, newly established, or growing micro enterprises across all industry sectors.</p> <p>(DJEI)</p>                                                                                                                                                                                                                         |
| 2.4 | <p>Promote the improved Seed Capital Tax Relief Scheme for new start-ups, which will now apply to a wider range of sectors. This Scheme provides for a refund of tax paid by an individual, including those unemployed, who sets up and takes employment in a new business.</p> <p>(D/Finance, DJEI Enterprise Ireland, Business associations)</p>                                                                  |
| 2.5 | <p>Establish a new Community Enterprise Development Programme for the maintenance or establishment of a strong business development function in the Community Enterprise Centres funded by Enterprise Ireland. This will see up to 30 centres benefit from a full-time business development function, providing a 50% grant towards eligible costs or €50,000 over two years.</p> <p>(DJEI, Enterprise Ireland)</p> |
| 2.6 | <p>Deliver support to 95 new High Potential Start Ups including an increase of 50% in the number of overseas entrepreneurs supported, using the International Start-Ups fund as a key tool, and an increase of 40% in the number of new HPSUs arising as spin-outs from research.</p> <p>(DJEI, Enterprise Ireland)</p>                                                                                             |
| 2.7 | <p>Manage and deliver a suite of entrepreneurial development programmes in conjunction with partners i.e. Colleges, Business Incubation Centres and Start-Up programmes.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                                                                            |
| 2.8 | <p>Develop and pilot, in the South East, an Innovation Graduates Programme managed in conjunction with the Institutes of Technology.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                                                                                                                |
| 2.9 | <p>Run a total of four calls of the Competitive Start Fund in 2012 and target the support of 60 projects during the year.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                                                                                                                           |

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| 2.10 | <p>Run an accelerated growth programme for HPSUs to help them develop the management skills necessary to achieve rapid international growth.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                               |
| 2.11 | <p>Launch a new Women in Business Start-Up drive.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                                                                                                                          |
| 2.12 | <p>Build on the work of the Global Irish Economic Forum to develop mechanisms to promote and deliver early stage investment by the Diaspora in new indigenous start-ups.</p> <p>(DJEI / Enterprise Ireland)</p>                                                                                                                            |
| 2.13 | <p>Improve the legal environment to set up and operate a business by enacting the Consolidated Companies Bill. This Bill will be published in 2012.</p> <p>(DJEI)</p>                                                                                                                                                                      |
| 2.14 | <p>Examine the options with regard to extending benefit cover to the self-employed.</p> <p>(D/Social Protection)</p>                                                                                                                                                                                                                       |
| 2.15 | <p>Having due regard to the Public Service Reform Plan, we will review the role of the Digital Hub Development Agency and the National Digital Research Centre with a view to building on their work in supporting digital start-up companies, as well as promoting an increase in on-line trading by small businesses.</p> <p>(DCENR)</p> |

### 3 Assisting Indigenous Business to Grow

#### The Opportunity

Small and medium sized firms with the potential to grow are central to our economy and recovery. They are in a unique position to deliver job opportunities across the length and breadth of the country, yet face some unique challenges. We know that by taking concerted action to improve the flow of credit to business, encourage productive investment, maximise the impact of State-support for internationalisation, encourage greater levels of research, development and innovation, facilitate knowledge transfer and supplier arrangements between foreign-owned and Irish firms, and develop procurement opportunities, indigenous firms will grow their businesses and employ more people. Most recently, for example, we have published the *South East Employment Action Plan* on foot of on-going concerns about the persistently above-average rates of unemployment in the South East Region, but we recognise that more can be done.

#### Where we are today

Indigenous firms face flat demand in the domestic market and an increasingly challenging and uncertain international environment. In response to the challenges these companies face, the enterprise agencies have identified key areas of action for the organisations in the coming year, setting out the key areas that can be focussed on to drive economic renewal and the recovery of employment in Ireland – on the one hand this involves the implementation of new initiatives to meet emerging needs, but on the other, represents the implementation of existing core initiatives which remain integral to supporting and job creation.

#### The Challenges

SMEs in Ireland have been severely impacted by declining demand in markets at home and abroad and fallen victim in particular to shrinking credit availability. Yet their expertise, flexibility and resilience positions them as a critical link between economic growth and resultant employment growth and we need more focused policies and supports for these companies. In 2012 indigenous firms continue to have issues around accessing growth capital, competitiveness, attracting talent and implementing growth strategies.

To accelerate the journey of export led recovery we must obtain the best possible market opening opportunities with third countries through bilateral free trade agreements negotiated by the EU. These will open new business opportunities in export markets outside the strong and traditional ones with which we already trade. This will also help diversify our trade patterns.

Opening markets for both exporters and investors, as well as our ambition to remove discriminatory trade restrictions, directly supports the endeavour of our enterprise support

agencies. Expanding the range of free trade agreements helps exporters by lowering tariffs, reducing regulatory barriers, simplifying customs procedures and generally making it easier and cheaper to trade and invest in new markets with potential. Our clear focus is to champion both sectors and companies in their plans to export more and to more diverse and dynamic markets.

Many SMEs have developed from small beginnings to become globally recognised companies with their headquarters here. We cannot overlook the potential for outward investment to deepen our links with the globalising economy economic and further our objectives to build stronger companies that can be globally successful.

### Enhancing Indigenous Performance

**Sustainable economic growth and employment opportunities in Ireland will only be achieved through the development of our enterprise base and our export performance. Supporting new and existing indigenous businesses to grow and export is central to our plans for recovery, growth and jobs, therefore in 2012 we will:**

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| 3.1 | Secure 200 significant (over €500,000) investments by EI-assisted firms during 2012 in a range of areas which are critical to company growth and job creation.<br><br>(Enterprise Ireland)                                                                                                                                                                                                                                                                               |
| 3.2 | Enterprise Ireland and the IDA will establish a senior management team to drive effective collaboration deliver on key priorities such as: <ul style="list-style-type: none"> <li>▪ Attracting inward Start-Ups;</li> <li>▪ Maximising procurement opportunities for Irish business with MNC's; and</li> <li>▪ Coordinating a new faculty of leading edge companies to provide peer to peer learning to Irish companies.</li> </ul><br>(Enterprise Ireland, IDA Ireland) |
| 3.3 | Building on commitments in the second Global Irish Economic Forum, <ul style="list-style-type: none"> <li>▪ develop a Mentoring Programme involving top business leaders from Ireland and internationally, to act as mentors to businesses,</li> <li>▪ develop linkages between firms,</li> <li>▪ engage the Diaspora to support potential and existing exporters,</li> <li>▪ examine the adoption of SMEs by multi-nationals,</li> </ul>                                |

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|     | <ul style="list-style-type: none"> <li>▪ explore the leveraging of input or advice by experienced executives who have established successful businesses to companies in Ireland.</li> </ul> <p>(Enterprise Ireland, IDA Ireland, DJEI)</p>                                                                                                                                                                                                                                                                                   |
| 3.4 | <p>Support industry-led clustering in key areas of opportunity, based on new models, industry proposals, and newly developed niche market strategies.</p> <p>(DJEI / Forfás / Enterprise Ireland / Industry)</p>                                                                                                                                                                                                                                                                                                             |
| 3.5 | <p>Run key programmes aimed at improving in-firm productivity capability. This will deliver increases in:</p> <ul style="list-style-type: none"> <li>▪ The number of Lean projects supported</li> <li>▪ The number of participants on significant management development programmes, with a total of 250 managers participating in 2012.</li> <li>▪ The number of participants on short-course management development programmes, with a total of 700 managers participating in 2012.</li> </ul> <p>(Enterprise Ireland)</p> |
| 3.6 | <p>Establish a faculty of elite / leading edge indigenous businesses organised on a regional and/or national basis to promote peer to peer learning, experience sharing and collaboration with companies aspiring to leading positions.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                                                                                                                      |
| 3.7 | <p>Raise awareness, particularly among SMEs, of the importance of process improvement to reduce the cost of poor quality, increase productivity, competitiveness and sustainability and create more jobs, via public seminars and other activity.</p> <p>(NSAI)</p>                                                                                                                                                                                                                                                          |
| 3.8 | <p>Support the micro and small business sector in developing an online presence via specific training supports, grants for ICT hardware and software, and funding research and innovation activity suitable to the needs of businesses in that sector.</p> <p>(CEBs)</p>                                                                                                                                                                                                                                                     |
| 3.9 | <p>Open a call for the Innovation Voucher scheme specifically focused on design and branding activity for SMEs, with Third Level Institutions as providers.</p> <p>(DJEI, Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                            |

## Assisting Indigenous Businesses to Trade

Indigenous company growth through trade is central to our plans for recovery, growth and jobs. The Government will progress the implementation of the Strategy for Irish Trade, Tourism and Investment to 2015. In order to assist indigenous businesses to trade internationally in 2012, we will

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| 3.10 | <p>Establish a new <i>Potential Exporter Division</i> to stimulate greater activity within companies across all regions and to reorient those demonstrating real growth potential from the domestic to the international market place. The new unit will provide assistance designed to aid client companies investigate, prepare and execute an international strategy including:</p> <ul style="list-style-type: none"> <li>▪ Practical business advice, information and market intelligence</li> <li>▪ Targeted funding supports where appropriate</li> <li>▪ Suitable training and development</li> </ul> <p style="text-align: right;">(Enterprise Ireland)</p> |
| 3.11 | <p>Introduce a Foreign Earnings Deduction (FED) as announced in Budget 2012, to further support the export drive by aiding companies where an individual spends 60 days a year developing markets for Ireland in Brazil, Russia, India, China and South Africa, and examine the extension of the FED to other countries beyond this initial group.</p> <p style="text-align: right;">(D/Finance)</p>                                                                                                                                                                                                                                                                 |
| 3.12 | <p>Roll out a schedule of sector specific Trade Missions and market evaluation Missions that reflect the priority markets identified in the Trade Strategy as well as firms' interest and stage of development, aiming for at least 15 Ministerial-led Missions.</p> <p style="text-align: right;">(DJEI / DFAT / Enterprise Ireland / DTTS / Tourism Ireland)</p>                                                                                                                                                                                                                                                                                                   |
| 3.13 | <p>Through the support of the international office network and high growth markets team, assist companies in their drive to secure new business overseas, and support the securing of 750 new buyers.</p> <p style="text-align: right;">(Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                     |
| 3.14 | <p>Run an International Markets Week programme involving over 1,000 firm meetings in the week.</p> <p style="text-align: right;">(Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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| 3.15 | Attract over 600 buyers to Ireland to engage with indigenous companies on international business opportunities.<br><br>(Enterprise Ireland)                                                                                                                                                                                                     |
| 3.16 | Develop and implement local market plans as provided for in the Strategy for Trade, Tourism and Investment for key high-growth regions, and through the Export Trade Council work to optimise the resources of embassies and agencies to deliver ambitious targets.<br><br>(D/FAT / DJEI / DAFM / Enterprise Agencies / DTTS / Tourism Ireland) |
| 3.17 | Promote Enterprise Ireland's 'Source Ireland' portal to market Irish goods and services abroad.<br><br>(Enterprise Ireland)                                                                                                                                                                                                                     |
| 3.18 | Drive take up of the Going Global Fund to assist companies who wish to explore opportunities to internationalise their business as a route to growth.<br><br>(Enterprise Ireland)                                                                                                                                                               |

Investment in management skills is vital from both a business development perspective and from a human capital perspective. Research has shown the positive impact of management capability on firm survival, growth, productivity and turnover. Management skills are crucial for firms adapting their business offerings, or moving into new markets, as well as for firms striving to be innovative.

**Continued investment in management development will help Irish companies to grow and to retain and create jobs. Therefore in 2012 we will:**

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| 3.19 | Reallocate up to €1.2 million per annum from the National Training Fund to fund management development networks and mentors for SMEs through Skillnets.<br><br>(D/Education and Skills / Skillnets)                                                                                                     |
| 3.20 | Cascade Management Development learnings to a wider number of companies – including through support for approximately 250 Managers to participate on long management development programmes and support over 700 managers to participate on shorter development programmes.<br><br>(Enterprise Ireland) |

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| 3.21 | <p>Expand graduate programmes including a target of 120 graduates participating on Graduates 4 International Growth – plus develop and pilot a new Innovation Graduates programme.</p> <p>(Enterprise Ireland)</p> |
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Further opportunities will arise for Irish businesses from enhanced consumer confidence, better business practices, adoption of industry standards, and providing first-class systems for goods and services to be recognised and relied on globally, therefore in 2012 we will:

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| 3.22 | <p>Promote the achievement of standards such as ISO 9001 and similar management standards.</p> <p>(NSAI)</p>                                                                                                     |
| 3.23 | <p>Support companies develop best HR practice and standards for improved talent development and retention.</p> <p>(NSAI)</p>                                                                                     |
| 3.24 | <p>Develop an Irish expert group responsible for industry standards best practice and increase participation by Irish firms and researchers in relevant international standards expert groups.</p> <p>(NSAI)</p> |
| 3.25 | <p>Grow employment in the indigenous measuring instruments service sector by undertaking a further roll-out of the authorised verifiers scheme.</p> <p>(NSAI)</p>                                                |
| 3.26 | <p>Provide expert assistance to targeted companies in challenging process measurement/ metrology applications.</p> <p>(NSAI)</p>                                                                                 |

**The reality is that within any enterprise structure there is a constant churn of company formation and closure. Ensuring that the system is supportive as companies face difficulties, downsizing or closing is important. Therefore in 2012 we will:**

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| 3.27 | <p>Develop a simple one page guide, “Managing out of the Crisis”, setting out warning signs to encourage small businesses to ask for help and outline services available.</p> <p style="text-align: right;">(DJEI)</p>             |
| 3.28 | <p>Examine the feasibility of introducing a new structured and non-judicial debt settlement and enforcement system to meet SME needs - “Examinership Light”.</p> <p style="text-align: right;">(DJEI/Company Law Review Group)</p> |

## Access to Finance

### The Opportunity

Finance is the life-blood of every business. This requirement materialises from the development of a business concept, to setting up a business and through to the growth and expansion stages. An International Monetary Fund (IMF) working paper<sup>2</sup> indicates that there is a stronger risk that our recovery could be ‘creditless’ (i.e. the economy could recover while there would be a continuing real fall in credit or zero credit growth) as Ireland has experienced an exceptionally strong credit boom, a major property boom and bust cycle and a major banking crisis - precisely the conditions in which creditless recoveries are most likely to occur. Creditless recoveries are on average substantially weaker than normal recoveries - output growth is on average a third lower.

This critical juncture in Irish banking is an opportune time for banks to continue to refocus on the fundamental needs of their business customers in the real economy and the reality of Ireland as a small internationally trading economy. In particular, a proactive approach to the small business sector is fundamental to the future of Irish businesses, Irish banking and the Irish economy as a whole. We need a sophisticated and more accessible financing environment that is built around helping our companies to succeed and is better equipped to support business growth.

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<sup>2</sup>Creditless Recoveries, IMF Working Paper, IMF, March 2011  
<http://www.imf.org/external/pubs/ft/wp/2011/wp1158.pdf>

### Where we are today

A range of national initiatives have been developed to support the flow of credit to enterprises. In addition to initiatives to recapitalise and restructure the banking sector, initiatives have been developed to build better business banking relationships (e.g. the *Code of Conduct for Business Lending to SMEs* and the establishment of the Credit Review Office), train bank staff and to increase lending (e.g. lending targets for the two recapitalised banks).

The introduction of a temporary targeted partial credit guarantee scheme and a micro-finance fund will also have a positive impact. The establishment of a Temporary Partial Credit Guarantee scheme will place Irish SMEs on a competitive level-footing relative to other trading competitors, who often avail of a loan guarantee in their own country to support trade and investment. International experience indicates that state guarantee schemes can support the outflow of additional credit, delivering the optimal outcome for businesses and the wider economy in terms of job creation, and higher innovation activity across knowledge-driven businesses.

In addition to providing direct financial support, Enterprise Ireland has broadened its clients' access to different sources of finance by acting as a catalyst for the establishment of private sector seed and venture capital funds, matching domestic business angel and international venture capital managers with investment opportunities in client companies individually and in investor fora, and through increasingly enhanced co-operation with the main banks.

Furthermore, the proposed EU Programme for the Competitiveness of Enterprises and SMEs (COSME) 2014-2020 with a foreseen budget of € 2.5 billion (current prices), will focus on facilitating access to finance for SMEs and creating an environment favourable to enterprise creation and growth.

The European Commission's Communication<sup>3</sup> proposes, inter alia:

- The introduction of an equity facility for growth-phase investment which will provide SMEs with commercially-oriented reimbursable equity financing, primarily in the form of venture capital through financial intermediaries, and support the development of an EU wide venture capital market.
- The EIF Loan Guarantee facility will continue to provide SMEs with direct or other risk-sharing arrangements with financial intermediaries to cover loans.

The Department of Jobs, Enterprise and Innovation and Enterprise Ireland will, where appropriate, encourage financial intermediaries in Ireland to avail of these EU funding measures so as to complement the above national initiatives on SME Access to Finance.

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<sup>3</sup> COM(2011) 834 of 30 November 2011

## The Challenges

The SME lending survey conducted in October 2011 by Mazars on behalf of the government shows 36% of SMEs are applying for credit. Over half of lending decisions were not made within the 15 days. About 30% of applications are being refused. At 78%, there is a high level of dissatisfaction with bank refusals. In less than one quarter of cases the banks informed people of their right to appeal. On the other hand about 30% of the SME applications were never made formally and the quality of information in many cases falls short. 72% of SMEs surveyed did not expect to seek bank finance in the next 6 months. In some cases, the lack of credit growth also results from an over-indebted private sector and the cross securitisation of personal and business assets. The presence of previous personal and company debts may inhibit the private sector from accessing credit for potentially profitable investments.

The primary approach must be to help firms, particularly internationalised exporting firms, to access credit and, for those that are already over indebted but viable, to support them in rebalancing their balance sheets by attracting new equity investment. We need to ensure that the efficacy of measures (e.g. lending targets, credit guarantee scheme, etc.) put in place to improve credit flows can be assessed and further action taken if required. While data on the supply of credit has improved significantly, access to more granular data would be beneficial. In particular, more detail on the level of additional lending rather than restructured lending will give a more informed picture of access to credit.

A temporary targeted partial credit guarantee scheme has been designed and will shortly be rolled out to support new lending to SMEs. It will be reviewed at the end of year one. When assessed, potential may exist to extend the credit guarantee scheme by including an add-in of a commercial export specific credit guarantee facility.

Efforts have been made to strengthen business relationships between banks and enterprise by putting in place a code of conduct for business lending to SMEs, establishing and developing the Credit Review Office and training bank staff. Further actions are required:

- It has been argued that negative publicity has led many businesses to believe that their banks are 'closed for business'. An assessment of the weaknesses revealed in the Mazars credit survey could bring greater clarity for businesses.
- Banks are increasingly returning to becoming prudent cash flow lenders rather than focusing on collateral. This enhances the requirement for businesses to prepare strong business plans with realistic cash flow forecasts in order to establish future viability. The Credit Review Office has noted that cash flow planning is often poor within firms. There is a role for banks, small business representative organisations and accountants to facilitate and support SMEs in producing such plans in an affordable and timely way.
- Potential exists to enhance the Code of Conduct for Business Lending to SMEs. A range of actions are included to enhance clarity and standardisation of the loan application process across banks.

There is also a need for a cultural shift in bank lending in Ireland to align itself with the strategic economic growth targets of the economy. The banks have already reallocated more

staff towards growing enterprise sectors (e.g. agriculture and internationally trading businesses) and have improved training. Given likely staff reductions, the Credit Review Office has highlighted the need for forward planning to up-skill and mentor remaining front-line and lending staff to ensure sectoral knowledge and expertise is enhanced and maintained.

Enterprise Ireland has also highlighted the need for experienced and skilled and sectorally knowledgeable relationship managers at local and regional levels to support a range of SMEs. We will challenge the two pillar banks to demonstrate how they intend to use the expertise and skills transfer available through the secondment of Enterprise Ireland staff to better inform credit decisions in modern growth sectors and markets.

More immediately, there needs to be a focus on supporting internationally trading businesses both in terms of the provisions of credit and the services provided to them. In particular, concerns have been raised about the availability of products such as (but not limited to) invoice discounting, performance bonds and specialised leasing, relative to the products and services available to companies operating in other jurisdictions.

Encouraging equity investment (e.g., business angels and private investors, venture capital, venture debt and government equity and private equity) also represents a mechanism to help over-indebted but growth-oriented viable businesses. While there has rightly been a strong focus on the banking / credit sector to-date, a stronger focus is now required to encourage private sector investment in productive investment.

A commercially driven and dynamic venture capital sector is one essential element in the commercialisation of entrepreneurial ideas and basic and applied research. The State through Enterprise Ireland has invested in the domestic venture capital sector since the mid 1990's. Many of the Funds that received commitments under the Seed and Venture Capital Scheme 2007-2012 will be reaching the end of their investment periods in the near term. Raising new Funds in the current challenging international venture capital fundraising environment will require further follow-on funding from the State as is the experience of Funds operating in other European countries. In addition, the NPRF are working to develop a number of investment vehicles that could provide debt or equity to the SME sector under the Strategic Investment Fund.

The Prompt Payments legislation is a welcome mechanism that can help to improve cash flow for businesses, and is particularly valuable for small firms. The extension of the 15 day rule to all public sector bodies and agencies demonstrates real progress and we will continue to monitor compliance and make it easier for firms so that the intended benefits to business are realised.

**Access to finance, credit and cashflow remain crucial for SME development, survival and growth therefore in 2012 we will:**

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| 3.29 | <p>Design and launch a new Development Capital Scheme, aimed at addressing a funding gap for mid-sized, high-growth, indigenous companies with significant prospects for jobs and export growth. This Scheme will support companies which would not generally fall within the focus of seed or venture capital funds, by leveraging further institutional capital. €50million of State investment is expected to leverage up to an extra €100million in private sector funding</p> <p>(Enterprise Ireland)</p> |
| 3.30 | <p>Roll-out the temporary targeted partial credit guarantee scheme, to complement existing initiatives to improve the credit environment and to address specific market failures.</p> <p>(DJEI)</p>                                                                                                                                                                                                                                                                                                            |
| 3.31 | <p>Launch a second call under Innovation Fund Ireland worth approximately €60million, to attract additional significant venture capital players to Ireland.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                    |
| 3.32 | <p>Develop the mandate of the new Strategic Investment Fund for targeted investment to enterprise via equity and debt funding.</p> <p>(D/Finance / NPRF / DJEI)</p>                                                                                                                                                                                                                                                                                                                                            |
| 3.33 | <p>Work with the banking sector both on one-to-one firm issues and to assist them in a cultural shift in lending practices towards sectors that are critical to economic growth. Develop better protocols with banks to enhance sectoral expertise within the banks and the range of lending products to meet exporter needs and tourism providers.</p> <p>(D/Finance / Credit Review Office / DJEI / Enterprise Ireland)</p>                                                                                  |
| 3.34 | <p>Monitor closely the lending targets for pillar banks and ensure these targets are met, and develop a sharper focus on the “new money” element.</p> <p>(D/Finance / Credit Review Office / DJEI)</p>                                                                                                                                                                                                                                                                                                         |
| 3.35 | <p>Engage with stakeholders on the findings revealed in credit supply and demand surveys with a view to identifying and addressing blockages in the system.</p> <p>(D/Finance / Credit Review Office / DJEI)</p>                                                                                                                                                                                                                                                                                               |

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| 3.36 | <p>Conduct a follow-up survey on demand for credit from SMEs.</p> <p>(D/Finance)</p>                                                                                                                                                                                                  |
| 3.37 | <p>Work with banks and small business representative organisations to help SMEs improve the quality of loan application.</p> <p>(Central Bank/Credit Review Office)</p>                                                                                                               |
| 3.38 | <p>Arrange that banks formally notify clients who have been refused loans of the right to an internal review by the bank and an appeal to the Credit Review Office.</p> <p>(Central Bank)</p>                                                                                         |
| 3.39 | <p>Work with the banks to ensure that sufficient training and development procedures are in place to enable staff to make more informed lending decisions, in addition to monitoring refusal rates, internal appeals and appeals.</p> <p>(D/Finance/ Credit Review Office / DJEI)</p> |
| 3.40 | <p>Assess the Credit Review Office to ensure SMEs are getting the support on bank lending they require.</p> <p>(D/Finance / Credit Review Office / DJEI)</p>                                                                                                                          |
| 3.41 | <p>Review the equity investment landscape in Ireland with a view to introducing actionable steps (enterprise supports, tax, etc) to support equity investment in productive firms.</p> <p>(Forfás / DJEI D/Finance / Enterprise Ireland)</p>                                          |
| 3.42 | <p>Establish a working group to ascertain the need for the State to continue its support, on the same terms as the private sector, for the development of the domestic venture capital sector</p> <p>(DJEI, EI, NPRF)</p>                                                             |
| 3.43 | <p>Promote the Employment and Investment Incentive Scheme for business expansion and ensure the objectives of the Scheme are being achieved and assess if any amendments are required.</p> <p>(D/Finance / DJEI)</p>                                                                  |

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| 3.44 | <p>Make available to SMEs an Official Notice regarding the Government's current 15 day Prompt Payment Practice.</p> <p>(DJEI)</p> |
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## Enterprise and Employment Expansion Supports

There is also scope to target a substantial expansion in the take-up of existing and new supports for the expansion of enterprise and employment, therefore in 2012 we will:

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| 3.45 | <p>Issue to persons who are over one year unemployed a certificate to present to employers of eligibility for Revenue Job Assist.</p> <p>(D/Social Protection)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3.46 | <p>Simplify and extend the Employer Job (PRSI) Incentive Scheme, which exempts employers from liability to pay their share of PRSI for certain employees.</p> <p>The scheme will be extended to cover the first 18 months of employment.</p> <ul style="list-style-type: none"> <li>▪ Eligibility criteria for the scheme will be amended to <ul style="list-style-type: none"> <li>○ Allow time spent on the Work Placement Programme and JobBridge count as the qualifying period for the scheme</li> <li>○ Allow persons on eligible payments undertake short SOLAS courses without impacting on their eligibility</li> <li>○ Allow time spent in casual unemployment count towards the qualifying period for the scheme, where a person is progressing to a new full-time job offered by a different employer</li> <li>○ Allow linking periods for illness payments provided on qualifying payment immediately prior to commencement of employment</li> </ul> </li> </ul> <p>(D/Social Protection)</p> |
| 3.47 | <p>Target the increased take-up of support schemes available to employers who take on additional workers, such as Revenue Job Assist and the Employer Job (PRSI) Incentive Scheme, by increasing employers awareness of the schemes through relevant Departments, agencies and business and employer representatives; we will actively monitor the take-up of the schemes and remove any identified obstacles to increased take-up.</p> <p>(D/Social Protection. Revenue, DJEI, Enterprise agencies, employer representatives)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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| 3.48 | <p>Examine the availability of affordable childcare for people on lower incomes to determine whether existing schemes could be expanded to support people to take up employment.</p> <p>(D/Children &amp; Youth Affairs, D/Social Protection)</p> |
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## Maximising Procurement Opportunities

Public procurement remains at significant levels and presents a particular opportunity for new and established SMEs to secure new business and grow employment, therefore in 2012 we will:

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| 3.49 | <p>Facilitate more SMEs in competing for procurement opportunities by ensuring that pre-qualification criteria (e.g. turnover, insurance thresholds, experience) for public procurement contracts are proportionate.</p> <p>(DPER/National Procurement Service)</p>                                                                                                                                                                                                                                                                                                                                                                                      |
| 3.50 | <p>Establish a mechanism to allow SMEs to engage with contracting authorities on issues of concern in specific tender documentation.</p> <p>(DPER/NPS)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 3.51 | <p>Assign advisers, mentors, and Business Accelerators with specific public sector knowledge to advise and help firms win more sales from procurement. Local Authorities will also assist and communicate with local businesses to maximise their participation in the procurement process and will improve the Local Authority procurement database (LA Quotes) to make it more user-friendly for SMEs.</p> <p>In parallel, through Enterprise Ireland and Local Authorities, highlight to major contracting authorities the supply opportunities from indigenous businesses, and particularly SMEs.</p> <p>(Enterprise Ireland, Local Authorities)</p> |
| 3.52 | <p>Initiate a campaign to encourage more SMEs to register on the Government's eTenders website to enable forthcoming procurement opportunities to be brought to their attention.</p> <p>(National Procurement Service, Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                           |

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| 3.53 | <p>Develop a Procuring Innovation initiative to increase the purchasing of innovative solutions from SMEs by encouraging a more flexible approach to tendering that focuses on procuring solutions to specific needs, rather than specific products or services.</p> <p>(DJEI/National Procurement Service/DPER/Enterprise Ireland)</p> |
| 3.54 | <p>Identify a number of key projects across Government that will provide sub-contracting and supply chain opportunities for SMEs through pre-qualification panels.</p> <p>(National Procurement Service/ DJEI/Other Departments/Enterprise Ireland)</p>                                                                                 |

## 4 Attracting Inward Entrepreneurial Start Ups

### The Opportunity

Economies and societies are on a path to global integration. One major plank of this integration is an increasing fluidity and flexibility of human capital flows, resulting in short and long term economic migration across many States. This is supported by the increasing speed of economic development, built on the importance of knowledge as a defining factor in business start-up and success. Our strategy to create a new and genuine indigenous engine of growth is not limited to improving support to indigenous start ups. It will be augmented by our interventions to attract people from across the global community of mobile, innovative, serial entrepreneurs to come and start their business here. Ireland's ambition must not only be to attract the next Google or Microsoft, but to also seek to grow the next Google or Microsoft in Ireland. We want to be the "go to" place to start a business. Across the world, many of the start-up companies which go on to succeed and create jobs are driven by people within a small cohort of mobile entrepreneurs. Ireland must continue to state very clearly to the international entrepreneurial community that they are welcome here, they will be supported in efforts to start their venture in Ireland, and Ireland is open for their business.

### Where we are today

Ireland has a solid track record in facilitating and supporting the establishment of Start-Up companies in Ireland both by Irish and overseas entrepreneurs. EI has traditionally targeted expatriate networks and overseas talent already working/researching in Ireland as a source of business start-ups and has in place streamlined supports (i.e. a one-stop shop) to minimise administrative and technical burden on starting and getting support for a business in Ireland, with a range of existing supports including start-up investment, market development and R&D. The attraction of overseas entrepreneurs to Ireland is an important opportunity to expand start up activity and they significantly add to the diversity and skill-base of the Irish start up community. Among the new initiatives introduced in direct response to the demands of entrepreneurs in 2011 was the €10m International Fund for attracting entrepreneurs from overseas. The fund is administered by Enterprise Ireland and is open to company promoters anywhere in the world, but will be targeted particularly at the Irish diaspora, international expatriates, the "New Diaspora" (people from overseas who have previously worked or studied in Ireland), as well as serial and mobile entrepreneurs.

### The Challenges

The duality in the industrial base in most developed countries between foreign and indigenous firms has resulted in a need for intense focus on the gap between these two sectors, namely foreign new start ups. These companies are a key component of employment growth and represent a unique and new opportunity for Ireland. By taking targeted action we can further demonstrate to global entrepreneurs that we are open for business, and that we will support

them fully. This will mean designing tailored supports, making the supports available and attractive, advertising the support available and making it as easy as possible for mobile entrepreneurs to locate here.

**Increasing the number of inward entrepreneurial start ups will generate new business and employment opportunities in Ireland to augment existing indigenous-support and FDI-seeking activity, therefore in 2012 we will:**

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|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.1 | In the context of the process set out in Action 3.2 above, EI and IDA will work together to attract inward start-ups with ambitious targets for start-ups and jobs potential.<br><br>(Enterprise Ireland/IDA Ireland)                                                 |
| 4.2 | Promote availability of a €10 million fund and target support of overseas entrepreneurs with investor-ready projects seeking between €200,000 and €500,000.<br><br>(DJEI, Enterprise Ireland)                                                                         |
| 4.3 | Appoint new International Start Up Ambassadors and consider new ways to involve the private sector, including Diaspora, in developing champions to extend knowledge of Ireland's unique offering in this area.<br><br>(DJEI, Enterprise Ireland)                      |
| 4.4 | Work collectively to communicate Ireland's strength as a location for starting a business, and support the development of a campaign by the Irish Diaspora to encourage entrepreneurial start-ups in Ireland.<br><br>(DJEI / Enterprise Ireland / IDA Ireland / DFAT) |
| 4.5 | Roll out targeted marketing campaigns in North America, UK, Europe and Australia.<br><br>(Enterprise Ireland)                                                                                                                                                         |
| 4.6 | Increase by 50% the number of investments in Inward Entrepreneurial Start Up projects.<br><br>(Enterprise Ireland)                                                                                                                                                    |

4.7

Put in place and promote attractive immigration arrangements to facilitate entrepreneurs from outside the EEA in establishing businesses in Ireland through the Immigrant Investor Programme and the Start-up Entrepreneur Programme:

- The Immigrant Investor Programme will allow approved participants and their immediate family members to enter the State on multi-entry visas and to remain here for a defined period;
- The Start-up Entrepreneurship Programme will allow migrants with a good business idea in the innovation economy and funding of €75k to be given residency in the State for the purposes of developing their business.

(D/Justice and Equality/INIS)

## 5 Developing and Deepening the Impact of Foreign Direct Investment

### The Opportunity

Ireland's enterprise policy will continue to involve both the attraction and development of mobile international investment and the establishment and development of indigenous companies. Foreign Direct Investment (FDI) has been and will continue to be an integral part of Ireland's economic success. Foreign firms contribute substantially to Ireland's exports, jobs, Irish Economic Expenditures and exchequer funds. FDI plays a key role in stimulating the development of 'new' sectors in Ireland, in enhancing our research development and innovation performance, in contributing to balanced regional development and in accelerating the achievement of critical mass within sectors.

Foreign firms based here open opportunities for Irish individuals to build international experiences that contribute to Ireland's open and progressive culture and to forge strong networks across the globe. Foreign firms source many goods and services from indigenous firms and are a crucial element to the success of proposed sub-supply, linkage, network and cluster initiatives. Investments in Ireland by 'known names' has a strong demonstration effect – building from our excellent track record in more established sectors such as pharmaceutical, medical technologies and software, Ireland has 3 of the world's top 5 games companies and the top 10 'born on the internet' companies already based here.

### Where we are today

We are the top ranking global destination in terms of the quality and value of FDI thanks to our exceptional productivity, knowledge intensity and occupational profile. Ireland has built strong relations with both the US and UK in particular, for exports, FDI and ODI. Despite the current global economic situation, and in the face of intensive international competition, there was a record number of 148 new investments won during 2011, with 61 new companies investing in Ireland for the first time. It is heartening to see that over 13,000 new jobs were created last year, representing an increase of 20 percent over 2010, and that job losses in foreign firms were at their lowest in over a decade. Almost half of multinationals based in Ireland expect to grow employment numbers in the next 12 months. It is not only about attracting new companies, but is also about sustaining what we have.

Enterprise policy initiatives aim to support existing companies to expand, transform and diversify in order to increase their Irish operation's strategic importance within their parent corporations. IDA's strategy for the coming years will include winning as many new jobs as possible each year, while giving equal priority to maintaining existing jobs.

## The Challenges

In 2012, we will face a period of continuing uncertainty for the global economy, with a range of international organisations reducing their growth outlook for both the global economy, and with it FDI. Issues such as austerity in the US and the UK, and fears of overheating in emerging economies, are impacting the global economic outlook, uncertainty around the Euro area is the key risk factor for the global economy currently. Research shows a deceleration in economic activity, and points to below trend growth in 2012. Nevertheless, further investment and employment opportunities will arise if we take steps to attract mobile project team leaders, maximise the spill-over from the presence of global players here, diversify our economic relationships, and further enhance Ireland's reputation as a location for investment.

The FDI targets for 2012 have been set against the backdrop of performance in 2011 and take account of the current global and national economic environment. The significant positive developments in terms of our relative competitiveness are an important factor in continuing to support the drive for employment-intensive investments which are a particular focus for Ireland at this point in time.

### **The strong performance in new job creation from multinational companies in 2011 can be further enhanced via targeted action, therefore in 2012 we will:**

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|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5.1 | <p>Work to target another 144 new FDI investment projects, in line with the 2011 result, which represents a significant challenge given the external outlook.</p> <p>(IDA Ireland)</p> |
| 5.2 | <p>Target 12,500 new jobs with an associated 8,750 in wider the economy giving a total impact of 21,250 in 2012.</p> <p>(IDA Ireland)</p>                                              |
| 5.3 | <p>Achieve €500m in R&amp;D investment approvals to have a total annual R&amp;D spend by multinationals here of €1.7bn by 2014.</p> <p>(IDA Ireland)</p>                               |
| 5.4 | <p>Secure new growth market investments with an ambitious target of 1,000 associated jobs.</p> <p>(IDA Ireland)</p>                                                                    |
| 5.5 | <p>Deliver 50% of investments outside the Dublin and Cork regions.</p> <p>(IDA Ireland)</p>                                                                                            |

|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5.6  | <p>Deliver the Diaspora job finder's fee scheme – <i>Succeed in Ireland</i>.</p> <p>(IDA Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 5.7  | <p>Introduce a package of measures in the Finance Bill to support the continued success of the international funds industry, the corporate treasury sector, the international insurance industry and the aircraft leasing industry.</p> <p>(D/Finance)</p>                                                                                                                                                                                                                                                                                                                                                                                     |
| 5.8  | <p>Introduce a Special Assignee Relief Programme to allow multinational and indigenous companies to attract people to Ireland so as to create more jobs and to facilitate the development and expansion of businesses in Ireland.</p> <p>(D/Finance)</p>                                                                                                                                                                                                                                                                                                                                                                                       |
| 5.9  | <p>Utilise Global Irish Network as official advocates of new and expanded FDI investment in Ireland including introductory meetings, briefings and establishing a restricted website access portal on IDA Ireland website to provide communication and information to relevant Diaspora.</p> <p>(D/FAT / IDA Ireland)</p>                                                                                                                                                                                                                                                                                                                      |
| 5.10 | <p>Intensify focus on attracting sub-suppliers to existing multinational base to locate in Ireland.</p> <p>(IDA Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 5.11 | <p>Enterprise Ireland and the IDA will establish a senior management team to deliver on key priorities such as:</p> <ul style="list-style-type: none"> <li>▪ Attracting inward entrepreneurs;</li> <li>▪ Maximising procurement opportunities for Irish business with MNC's; and</li> <li>▪ Coordinating a new faculty of leading edge companies to provide peer to peer learning to Irish companies.</li> </ul> <p>In addition, the Enterprise Ireland and the IDA will explore opportunities to further strengthen linkages including an 'informal adoption' arrangement between MNCs and SME's</p> <p>(Enterprise Ireland, IDA Ireland)</p> |

## 6 Developing Employment Initiatives within the Community

### The Opportunity

All parts of society and of the community can share in, and contribute to, our economic renewal. Local entrepreneurs, community groups, co-ops and local organisations all have an important contribution to make to economic recovery. The Government's role is to create the right operating environment for business growth and job creation. It provides supports through a range of State agencies and local government for business start-ups and expansion. However, it is the enterprise sector itself which creates jobs at local level.

Many of these enterprises are small, and will remain small by choice. We can often inadvertently overlook the qualitative contributions of small firms to Ireland's economic fabric. Small firms are regionally spread – dotted throughout the country. They contribute to building a community, to developing a sense of place, to enhancing a location's attractiveness as a place in which to live and to do business. The small local supplier adds value through personal relationships, genuinely knowing the customer, to deliver superior quality of service. The family firm sets down strong roots and continuity, building and enhancing the firm's capability over generations.

The co-operative model is one of a number of legal options that are available to those considering establishing themselves in business and the different models have their own distinct characteristics. In 2011, the Government approved the drafting of legislation to ease the regulatory burden on co-operative societies and make it easier to start up and run a co-op as an alternative form of enterprise organisation.

The Government actions set out in previous sections of this paper will facilitate enterprises to create jobs. However, the initiatives which enterprises take directly, and the contribution they make to job creation in their local communities, must also be acknowledged in any Jobs Plan. This contribution is critical to maintaining a micro-economy and societal fabric in many rural areas and smaller towns.

### Where we are today

Ireland has a deep tradition of its people supporting one another, working together for the mutual benefit of the community and generating jobs at local level based on the particular resources of the community. While these jobs may often be on a small scale, they provide employment locally and support a micro-economy. There is scope to build on successful models around the country which have been driven by local communities and leaders and have generated jobs.

While recognising that the success of such models lies in the direct involvement and leadership of local people and their ideas, the Government will support communities in practical ways, where necessary and appropriate, to develop their ideas and in identifying models suitable for replication. Udarás na Gaeltachta has a specific legislative remit within this context, is already active 'in this space', and in a strong position to share expertise.

The sport sector is also a major contributor to the economy at regional and local level. Sport and sport-related activities support over 38,000 full-time equivalent jobs. For every €100 of Government expenditure in the sector, the Government receives approximately €149 back in the form of taxes and other income arising from sport-related economic activity. The Sports Capital Programme has been the primary means of providing Government funding to sport and community organisations at local, regional and national level throughout the country.

### The Approach

The initiatives of local communities to fight their way out of the recession and to support local traders can be built on to protect jobs and create new ones. Workshops and Jobs Fairs will be replicated around the country to capture the enthusiasm and practical inputs of local businesses.

Many larger companies in Irish towns and cities have a record of investing in local communities and demonstrating responsible business practices across their business operations. With an increased emphasis globally on sustainable production, companies that demonstrate a commitment to responsible business practices are also achieving competitive advantage in the market place. The Government is supportive of initiatives by the business sector to promote Corporate Social Responsibility and of the recent development of a recognised standard in Ireland for Business Working Responsibly.

The Government will also support other initiatives by the enterprise sector in their business-to-business dealings, particularly in the area of prompt payment of creditors. The public sector has introduced a code of paying suppliers within 15 days of receipt of a valid invoice to help improve cash-flow. A suitable gesture from the enterprise sector would complement this initiative.

Recognising the close links between local government and the community, the Government will develop a new strategy to promote employment and support local enterprise by Local Government and will align community-based efforts with local government activity. This will complement other actions being taken under the Action Plan.

Social Enterprises are businesses models set up to tackle social, economic or environmental issues. While they are driven primarily by social and/or environmental motives, they engage in trading or commercial activities to pursue these objectives and produce social and community gain. There is a strong Social Enterprise base in Ireland which could be further examined with a view to determining its potential for job creation. While driven very much by local ideas, the Government will examine the role it can play in supporting the further development of Social Enterprises in Ireland.

As a large proportion of the Sports Capital Programme (SCP) spending is directed at sports organisations in rural areas where alternative employment opportunities may not be readily available, the importance of SCP spending on local employment is particularly significant. There will be a new round of the SCP announced early 2012 and allocations will be announced later in the year. Together with the National Sports Campus and the Local Authority Swimming Pools Programme, the Government expects to spend almost €120m in capital monies on sport in the period 2012 to 2016.

**The Government will encourage and support in a practical way, through the involvement of its Departments and agencies, the following initiatives by communities and enterprise:**

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6.1 | <p>The organisation of workshops and initiatives at regional/local level to identify ways to stimulate domestic demand and galvanise community action, building on successful models (e.g. Buy local, Local Heroes, Getting Irish Business Online). The Government will assist in implementing ideas generated, where appropriate.</p> <p>(Chambers of Commerce, Retail representatives, Local Authorities, Industry champions).</p> |
| 6.2 | <p>The organisation of Jobs Fairs around the country, to bring together local businesses and jobseekers to highlight available jobs and match them with jobseekers.</p> <p>(Chambers of Commerce, local employers, local enterprise supports, Dept. of Social Protection, Third Level Institutes)</p>                                                                                                                                |
| 6.3 | <p>Initiatives by companies committed to Corporate Social Responsibility, particularly in the provision of employment opportunities to more marginalised groups in the community.</p> <p>(Business in the Community Ireland, Chambers Ireland)</p>                                                                                                                                                                                   |
| 6.4 | <p>The introduction, in the enterprise sector, of a Prompt Payments Charter, to improve cash-flow between businesses.</p> <p>(Business representative bodies)</p>                                                                                                                                                                                                                                                                    |

**In 2012, the Government will also:**

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6.5 | <p>Develop a new sectoral strategy to promote employment and support local enterprise by Local Government to include measures in the area of business charges, local enterprise and business support arrangements, procurement support, local development and community based initiatives, the Green Economy and local government participation in employment support schemes. These measures will complement, and assist in the delivery at a local level, of other actions set out in this Action Plan.</p> <p>(DoECLG, local authorities, DJEI)</p> |
| 6.6 | <p>Align community-based endeavour with local government with a view to improving delivery of services to citizens at local level, achieving greater efficiency and effectiveness and enhancing the role of Local Authorities in the delivery of local and community development programmes and functions. The supports for business from both the Local and Community Development sector and local government will be re-configured to bring about maximum coherence at local level.</p> <p>(DoECLG, Local Authorities)</p>                           |
| 6.7 | <p>Report on the potential of social enterprise to create jobs. The report will identify the actions required, in funding, procurement, etc, by Government and other relevant bodies and agencies to create jobs in this sector. It will examine potential initiatives in this area (e.g. a Micro-Working Initiative) and will be prepared with particular reference to the European Commission's Social Business Initiative and associated funding.</p> <p>(Forfás, DJEI)</p>                                                                         |
| 6.8 | <p>Ensure that the goals of the Local and Community Development Programme (i.e. to increase access to formal and informal educational, recreational and cultural activities and resources, and increase people's work readiness and employment prospects) continue to provide support for enterprise start-ups.</p> <p>(DECLG, Pobal, Local Development Companies)</p>                                                                                                                                                                                 |
| 6.9 | <p>Continue to support job creation in rural communities through the Rural Development Programme concentrating primarily on the provision of direct support for the generation and development of enterprise ideas and initiatives and the provision of support for initiatives that facilitate the development of sustainable rural communities.</p> <p>(DECLG, DAFM, Teagasc, Local Action Groups)</p>                                                                                                                                               |

|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6.10 | <p>Deliver a new round of the Sports Capital Programme (SCP) in 2012.</p> <p>(DTTS)</p>                                                                                                                                                                                                                                                                                                                                                                |
| 6.11 | <p>Examine the potential to establish a national Community Investment Fund to support matching co-funding to encourage involvement of all sections of society to create employment. Resources would be allocated on a competitive basis with funds given to the best projects. As one to one matching private/community resources would be a condition of this fund, it would directly leverage direct expenditure.</p> <p>(Relevant State Bodies)</p> |
| 6.12 | <p>Introduce legislation aimed at easing the regulatory burden on co-operative societies and making it easier to start up and run a co-operative as an alternative form of enterprise organisation. This legislation will address particular problems which have been identified in the co-operative sector, and will help ensure that this model can thrive and grow to its potential.</p> <p>(DJEI)</p>                                              |

## 7 Exploiting Sectoral Opportunities

The preceding sections have addressed issues that are relevant to businesses across Ireland, regardless of the sector in which they operate. All sectors will benefit significantly from progress made on the actions outlined above. Nevertheless, targeted, sector-specific actions are also required to unlock the full jobs potential in the Irish economy.

Ireland cannot be a leader in every sector. But there are many where we can create and sustain a competitive edge. Public policy can play a vital role in developing these opportunities. The following sections analyse some of those opportunities and develop specific actions that can help them be realised.

The Agencies have developed programmes to realise significant job growth in target sectors in 2012. For example, IDA Ireland plans for over 2,500 new jobs in each of the sectors – Financial Services, Life Sciences, ICT, and Content and Business Services. Cleantech is an emerging opportunity. Enterprise Ireland is also adopting a targeted approach to opportunities in sectors such as Agri-food, Life Sciences, Software, Financial and Business Services, Telecoms, Internet, Media and Entertainment, Cleantech and Engineering. Údarás na Gaeltachta has a targeted plan for niche areas including Audiovisual and Digital Media, Aquaculture and Fish Processing, Cultural Tourism, Arts, Culture and Creative Industries. Many established sectors can successfully evolve new opportunities by innovation and by penetrating new markets.

Overall, we believe that the manufacturing sector can provide opportunities for 20,000 new additional jobs and the internationally traded services sector 30,000, plus an additional 50,000 indirect spin-off jobs over the next five years. The realisation of these opportunities demands policy co-ordination across a range of bodies and closer collaboration between enterprises. Important actions will be taken in 2012 that will help in the removal of obstacles and the realisation of that potential:

- Implementation of the recommendations of the National Research Prioritisation Exercise which has identified the niches of greatest potential and the opportunities for enterprise collaboration.
- Public procurement and more open collaboration by public sector bodies with enterprise can successfully test and achieve credibility for new products and services.
- The piloting of a series of enterprise-led networks in niche areas can become an important evolution in enterprise policy, allowing such niche areas achieve much more than could enterprises acting alone or even with agency support. They would support collaboration in developing new international markets, in developing platform technologies and in supporting the delivery of sectoral priorities (skill gaps, management development, specific infrastructure, procurement, etc.).

- The evolution of specialist Finance Funds with expertise in sectors of growth potential.
- The integration of hard information on enterprise skill needs into Education planning.
- The streamlining of regulatory regimes, legislation, data sharing, etc.

It is vital that we build the level of collaboration and leadership necessary to drive these developments. The actions we take now will determine whether we capitalise and create leading-edge sectors in the years ahead.

The following sectors are highlighted based on their potential to support job creation<sup>4</sup>:

|             |                                                     |
|-------------|-----------------------------------------------------|
| <b>7.1</b>  | <b>Manufacturing</b>                                |
| <b>7.2</b>  | <b>Health/Lifesciences</b>                          |
| <b>7.3</b>  | <b>Green Economy</b>                                |
| <b>7.4</b>  | <b>Agri-food Production</b>                         |
| <b>7.5</b>  | <b>ICT Hardware and Software</b>                    |
| <b>7.6</b>  | <b>Cloud Computing</b>                              |
| <b>7.7</b>  | <b>Digital Games</b>                                |
| <b>7.8</b>  | <b>Tourism</b>                                      |
| <b>7.9</b>  | <b>International Financial Services</b>             |
| <b>7.10</b> | <b>Business Process Outsourcing/Shared Services</b> |
| <b>7.11</b> | <b>Education Services</b>                           |
| <b>7.12</b> | <b>Construction</b>                                 |
| <b>7.13</b> | <b>Retail/Wholesale</b>                             |
| <b>7.14</b> | <b>Arts, Culture, Creative Enterprise</b>           |

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<sup>4</sup> There is overlap between the sectors profiled due to the inclusion of “horizontal” sectors such as the “Green Economy” and manufacturing. Therefore, job numbers and targets for job creation that are referenced from existing strategy statements will often have different time-frames and may involve some double-counting and should not be aggregated to a single number.

## 7.1 Manufacturing

### The Opportunity

High value manufacturing today encompasses a broad range of activities from research, development and innovation through design, production, logistics and distribution to business development, marketing, sales and after sales service. Developments such as lean manufacturing are well embedded within manufacturing and are critical for adding value to the core production process. Global trends indicate further integration of ICTs in production processes and products and demands for increased customisation, miniaturisation and improved environmental sustainability which will fundamentally change how products are invented and manufactured. Ireland has built a very strong reputation in terms of quality and efficiency in a range of manufacturing sectors. Notwithstanding challenges in areas such as costs and skills, Ireland is well positioned to exploit the advances in manufacturing technology and to build and maintain a strong base of manufacturing activity, particularly in the growth areas identified in this Action Plan.

### The Existing Sector

Manufacturing in Ireland spans a wide range of sectors including food and drink, ICT hardware, medical technologies, pharmaceutical/bioprocessing, engineering and industrial products (including “green”/“cleantech”). There is a strong base of indigenous enterprise in the food and drink sector and in the engineering sectors. Foreign-owned multinationals account for most of the employment and value-added in sectors such as pharmaceuticals/bioprocessing, medical technologies and ICT hardware. Overall manufacturing employment remained stable over the period 2000-2007 but experienced a marked decline from 2007 onwards. There are currently over 158,000 direct full-time employees in manufacturing in Ireland with the same again in indirect employment. While manufacturing accounts for less than 10 per cent of total employment in the country (in terms of direct jobs), it accounts for over 30 per cent of GDP and is an important contributor in terms of Corporation Tax and in terms of exchequer revenue generally. As such, it remains a fundamental “engine” of the economy.

There is a strong dynamic within the manufacturing sector in Ireland. The activities taking place within the base of foreign-owned MNCs are continuously changing and, in general terms, moving to more sophisticated and high value-added activities involving elements of both manufacturing and services. Similarly, indigenous manufacturing is becoming more sophisticated and knowledge-based. Examples include

- Firms producing engineered agricultural machinery combined with the provision of animal nutritional services.
- Precision engineered tools combining embedded ICTs for the highly regulated aeronautics and automotive sectors.
- Contract medical device design and manufacturing customised to client needs.

These are the kind of areas where Ireland is and can continue to be competitive in manufacturing, rather than in high volume, low added-value production processes.

### The Challenges

There are challenges of a general nature confronting manufacturers throughout the world. A key challenge is that of sustainability – transforming manufacturing for a low carbon economy where the emphasis is on energy and resource efficiency at every step from the design of products through production, distribution and through to recycling. Other drivers around globalisation, technology convergence, customisation, regulation, health and safety present challenges to which all manufacturing companies must respond. Specific challenges facing manufacturing in Ireland include:

- Reducing costs of production in Ireland including costs of labour, raw materials, transport and services (addressed elsewhere in this Action Plan).
- Issues of scale and absorptive capacity particularly in, but not limited to, indigenous manufacturing – this includes the challenge of moving to sophisticated, knowledge-based production systems without the economies of scale associated with larger manufacturers operating in larger economies.
- Issues around management development and positioning manufacturing companies for growth – challenges around these areas are being addressed but they remain relevant for a large base of firms.
- The need for general upskilling across the manufacturing sector so that manufacturing workers are proficient in the most up-to-date tools, technologies and systems within their sector and that the manufacturing sector has the requisite engineering skills available to it.
- The need for specialist lending for manufacturing and engineering firms to ensure they have access to finance.
- The need to develop further the capacity of indigenous and multinational manufacturers for research and innovation both in terms of in-house capability and the ability to benefit from publicly funded research in our universities and colleges.

**The Government will target a number of specific actions in support of the Manufacturing Sector in 2012 in order to address the challenges outlined above. We will:**

|       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.1.1 | <p>Articulate its clear commitment to manufacturing in Ireland and elaborate on the range of initiatives and supports that will be put in place to demonstrate this commitment.</p> <p>(Department of Jobs, Enterprise and Innovation).</p>                                                                                                                                                                                                                                                                           |
| 7.1.2 | <p>Establish a Manufacturing Development Forum (MDF) to assist the Government in identifying the needs of manufacturing enterprises and to progress a transformation agenda in this area.</p> <p>(Department of Jobs, Enterprise and Innovation).</p>                                                                                                                                                                                                                                                                 |
| 7.1.3 | <p>Seek new investment into manufacturing. IDA Ireland will continue to attract new investment into manufacturing, particularly in growth areas identified above; the other enterprise development agencies will support new indigenous start-ups and will seek to maximise the employment in Ireland from indigenous enterprises with global operations.</p> <p>(IDA, Enterprise Ireland)</p>                                                                                                                        |
| 7.1.4 | <p>Work actively with existing indigenous and overseas manufacturing enterprises to support a transformation agenda aimed at technology deepening and productivity growth. IDA Ireland and Enterprise Ireland have a range of programmes in place to assist enterprises with this transformation. We will complete evaluations of all agency programmes and schemes to ensure that they are adequately addressing the needs of today's manufacturing businesses.</p> <p>(IDA Ireland, Enterprise Ireland, Forfás)</p> |
| 7.1.5 | <p>Examine financial supports for manufacturing in the context of negotiations on EU State Aids. Ireland will seek to put in place the optimal arrangements for support of the manufacturing sector in negotiations at European level.</p> <p>(DJEI, IDA Ireland, Enterprise Ireland)</p>                                                                                                                                                                                                                             |
| 7.1.6 | <p>Undertake a detailed assessment of manufacturing skills needs and use the new structures for training and skills development to address both the immediate needs of the manufacturing sector and to anticipate the longer term needs of the sector (Forfás, EGFSN)</p>                                                                                                                                                                                                                                             |

|       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.1.7 | <p>Evaluate the supports provided for in-company research and innovation and fine-tune the supports offered based on this review. We will also target investment in higher education and other public research into areas of direct relevance to the enterprise base including the needs of manufacturing enterprises. Advanced manufacturing will be specifically addressed in implementing the Government's priority research areas.</p> <p>(Research funders and Prioritisation Action Group)</p> |
| 7.1.8 | <p>Develop a long term vision for the manufacturing sector and put in place a strategic plan that will help to realise this vision. The Manufacturing Development Forum will be instrumental in this regard.</p> <p>(Department of Jobs, Enterprise and Innovation, Forfás)</p>                                                                                                                                                                                                                      |

## 7.2 Health/Lifesciences

### The Opportunity

Globally, the health/lifesciences sector is worth in excess of \$1.2 trillion, with projected growth rates of 9 percent per annum to 2013 - driven by ageing populations, a growing emphasis on 'wellness', increasing consumer wealth, increases in chronic illness, and increased demand from emerging economies. Advances in science and technology are enabling a shift towards personalised healthcare and information-based health services. There is a marked trend towards patient-centric care at home and in the community, increasing the demand for research and innovation in remote diagnostics, testing, devices and delivery mechanisms.

Specific opportunities for Ireland arise in a number of areas: translational healthcare (involving clinical trials and related advanced manufacturing); advanced manufacturing and processing associated with the trend towards personalised healthcare; and convergence opportunities including combination products, remote healthcare products and services, functional foods and "silver technologies". The transitioning of the lifesciences sector to one based on research and innovation intensive activities is imperative to protect the significant employment in the sector. There are currently 50,000 people employed in Ireland in manufacturing activities associated with health/lifesciences. The challenge is to protect as much of this employment as possible while also creating jobs in new areas of opportunity such as bioprocessing, diagnostics, nutraceuticals and next generation medical devices.

### The Existing Sector

The health/lifesciences sector comprises a number of globally significant markets in which Ireland is already a significant player:

- Pharmaceutical/biopharmaceuticals - €39bn in exports and 25,000 people employed.
- Medical Technologies (medical devices and medical diagnostics) – €7bn in exports and c.23,000 employed.
- Functional foods/nutraceuticals - over €1bn in exports and strong growth potential.
- Connected health/e-health – representing convergence across the above sectors with ICT.

All of these sectors feed into the healthcare delivery sector (public and private) at national level, which is an important market and employer in its own right.

Ireland has built a strong international reputation in lifesciences based on manufacturing expertise (underpinned by core engineering skills), a good regulatory track record, a supportive fiscal regime, and recognised world class expertise in designing and constructing state-of-the-art manufacturing facilities.

Government investment in research, development and innovation has helped to build international reputation and has helped to provide the skilled workforce required within the enterprise sector. While the sector as a whole is accounted for in large part by foreign-owned MNCs, there is a growing base of indigenous activity in the sector particularly in medical devices, diagnostics and nutraceuticals. Indigenous exports in lifesciences are estimated at €760 million with employment of approximately 6,000 in 2010.

### The Challenges

A number of challenges face the sector globally and will have significant implications for Ireland, these include:

- Impending expiry of patents, global over-capacity, significant R&D costs and a low pipeline for new products in the pharmaceutical sector.
- Downward pricing pressures from healthcare consumers – governments and insure.
- Increased pressures to demonstrate efficacy of new products and value for money.

Against this global backdrop, the sector in Ireland faces particular challenges:

- Costs, which were high relative to competitors, need to continue to decline - in particular labour, waste and energy costs and local authority charges.
- Skills gaps need to continue to be addressed in some aspects of the value chain in particular design, innovation, project management and commercialisation skills, and marketing.
- The need to address fragmentation in Ireland's supporting infrastructures for clinical R&D and innovation.
- The lack of engagement by the healthcare system with industry, particularly in relation to research, clinical trials and the development and related manufacturing of innovative healthcare products and services.

A step change in innovation capacity and enhanced operational excellence are crucial requirements for the sector in Ireland. A unique characteristic for this sector is the need for genuine collaboration between lifesciences firms and the healthcare system to deliver economic growth, improved patient outcomes and lower healthcare services costs.

**The following actions will be undertaken in 2012 in respect of the Health/Lifesciences sector. We will:**

|       |                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.2.1 | <p>Deliver a Health Innovation Hub to drive collaboration between the health system and commercial enterprises leading to the development and commercialisation of new healthcare technologies, products, services and start-ups emerging from within the health system and/or firms.</p> <p>(IDA, Department of Jobs, Enterprise and Innovation, Enterprise Ireland, Department of Health and other stakeholders )</p> |
| 7.2.2 | <p>Enact a Health Information Bill to support a conducive environment for health research in Ireland; this will streamline the ethics approval process for health research not governed by statutory regulation and EU law; the Bill will also provide a legal framework for the introduction of an individual patient identifier.</p> <p>(Department of Health)</p>                                                    |
| 7.2.3 | <p>Support the development of Ireland as a Global Centre of Excellence for the Medical Device industry by providing a local high-quality, wide-scope, responsive CE mark certification service.</p> <p>(National Standards Authority of Ireland)</p>                                                                                                                                                                    |
| 7.2.4 | <p>Undertake preparatory actions for the design and establishment of new research centres in the areas of Pharmaceutical Production, Medical Devices and Connected Health.</p> <p>(DJEI, SFI, Enterprise Ireland, IDA Ireland and other funders as appropriate)</p>                                                                                                                                                     |
| 7.2.5 | <p>Where Government funding of health research supports specific areas of opportunity for Ireland, it will focus on areas including manufacturing/ formulation of pharmaceutical products, medical devices, medical diagnostics and other medical technologies and Food for Health/nutraceuticals.</p> <p>(Research funders and Prioritisation Action Group)</p>                                                        |
| 7.2.6 | <p>Prepare a detailed implementation plan for the development of a national biobanking structure.</p> <p>(D/Health)</p>                                                                                                                                                                                                                                                                                                 |
| 7.2.7 | <p>Review Section 42 of the Patents Act 1992 with the aim of clarifying research actions that do not constitute patent infringement under Irish law in order to maintain and attract high value added Bio-pharmaceutical investment.</p> <p>(DJEI)</p>                                                                                                                                                                  |

### 7.3 The Green Economy

#### The Opportunity

The “green economy” brings together a range of commercial activities which contribute to lowering greenhouse gas emissions and improving resource usage. Key sub-sectors of the green economy include renewable energy; smart grid development; energy efficient products and services; lower carbon transport; water/wastewater treatment; waste management, recovery and recycling; environmental consultancy; green financial services; green tourism. The green economy is linked to a number of other sectors examined in this Action Plan. A range of drivers (such as increasing fossil fuel prices, renewable energy targets, emissions reductions targets, environmental legislation and consumer preferences) are creating significant opportunities worldwide for growth and jobs in these green sectors. The global market has been estimated at €3.5 trillion with the potential to grow by more than 4% per annum to 2015. The Expert Group on Future Skills Needs (EGFSN) indicated that there were 19,000 people employed directly in Ireland in 2010 in the key sub-sectors of the green economy referenced above (excluding agri-food production). It suggested that up to an additional 10,000 jobs could be created across the variety of sub-sectors listed above by 2015 through the adoption of appropriate policies. The longer-term job creation potential is even more significant, particularly in the area of renewable energy.

#### The Existing Sector

The sector in Ireland is characterised by a small number of large players and a large number of SMEs, a number of which are considered highly innovative with strong international growth potential. Indigenous companies in the “cleantech” sector supported by Enterprise Ireland had sales of over €630m in 2010, of which more than €140m was exported. The sector also supports many enterprises at local and regional level, particularly in the hospitality area.

Ireland has a number of strengths which it can leverage to create employment and growth opportunities both for indigenous companies and for foreign investment in Ireland. These include:

- Excellent renewable energy resources, which raise the prospect of Ireland becoming an exporter of clean energy to Europe.
- A strong R&D base including in the area of ICT which is highly relevant to a number of green economy opportunities.
- Strengths as a location to test and develop new technologies – both in terms of existing test-bed sites and taking advantage of Ireland’s small size where new technologies can be tested for application to larger markets.
- An outstanding natural environment and landscape to support “green” tourism and activities.
- An established international image as the “Emerald Isle” which can be built upon to promote Ireland’s “Green” offering.

## The Challenges

There is intense international competition for business in the emerging green economy. We must act quickly to have as attractive a business environment as possible for both indigenous companies to internationalise, and to attract foreign investment. To succeed, we need a cross-Departmental development policy for the sector as a whole, covering enterprise, energy, environment, transport, tourism and agri-food. The public system must deal with barriers in a coordinated and responsive manner.

Specific challenges facing key sub-sectors within the green economy in Ireland include:

- The need to develop a fully coordinated commercial approach to the renewable energy sector.
- The need for public investment and procurement processes to encourage the development and application of new technologies, which can ultimately lead to export opportunities for the companies concerned.
- Addressing skills deficits which can have major implications for the development of Irish-based green companies.
- Improving the focus and commercial relevance of research so that Ireland builds critical mass as well as appropriate trial/test/demonstration competencies.
- Improving the branding of Ireland's image to support the development of the Green Economy and its attraction to foreign investors.
- The need to continue cost effective investment programmes in the networks to underpin development of renewable energy.

**The following actions will be undertaken in 2012 in respect of the Green Economy. We will:**

|       |                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.3.1 | <p><b>Publish and implement a new Plan for the Development of the Green Economy, setting out the opportunities in the sector, the role that Government will play in working with enterprise to support the development of the Green Economy, and the structures that will be put in place to coordinate cross-Government action to accelerate growth.</b></p> <p style="text-align: right;"><b>(DJEI, DoECLG, DCENR, DAFM, DTTS)</b></p> |
| 7.3.2 | <p><b>Implement the Green Public Procurement Action Plan to promote the development of a market for green products and services.</b></p> <p style="text-align: right;"><b>(DoECLG)</b></p>                                                                                                                                                                                                                                               |

|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.3.3  | <p>Support the development of new products in the Green Economy and identify markets for these products.</p> <p>(IDA Ireland, Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                         |
| 7.3.4  | <p>Target FDI opportunities in the green economy including the manufacturing, assembly and testing of products/solutions in renewable energy, smart grids, water management and wastewater treatment and electric vehicles.</p> <p>(IDA Ireland)</p>                                                                                                                                                                                                                                                                          |
| 7.3.5  | <p>Deliver the Industry led International Energy Research Centre with a focus on demand side energy efficiency</p> <p>(Enterprise Ireland, IDA Ireland, DJEI and DCENR)</p>                                                                                                                                                                                                                                                                                                                                                   |
| 7.3.6  | <p>Seek to attract a new range of “green” related financial products and services to Ireland.</p> <p>(IDA Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                        |
| 7.3.7  | <p>Support clustering and other industry-led initiatives to increase collaboration between and among Irish companies and multinationals, academic institutions and State bodies to develop opportunities in emerging sectors, including sub-supply to the offshore energy industry, support for research agendas in aspects of the green economy and support for convergence opportunities in niche areas such as water and wastewater treatment and energy management.</p> <p>(Enterprise Ireland, IDA Ireland and SEAI)</p> |
| 7.3.8  | <p>Based on the outcome of the National Research Prioritisation Exercise, focus public investment in research and development so as to build critical mass in a number of areas of direct relevance to the Green Economy, including marine renewable energy, smart grids and smart cities.</p> <p>(Research funders and Prioritisation Action Group)</p>                                                                                                                                                                      |
| 7.3.9  | <p>Develop a brand to communicate Ireland’s strengths and reputation for green goods and services internationally.</p> <p>(All relevant Departments/agencies)</p>                                                                                                                                                                                                                                                                                                                                                             |
| 7.3.10 | <p>Develop niche markets in green tourism and food, by promoting standards such as the Green Hospitality Award and other initiatives.</p> <p>(DAFM, DTTS, Fáilte Ireland, Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                             |

|        |                                                                                                                                                                                                                                                                                                                                                              |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.3.11 | <p>Facilitate the development by Dublin City University of the vacant former Enterprise Ireland site in Glasnevin into an internationally-recognised “Innovation Campus”, involving a partnership of education and research institutions, enterprise and the semi-state sector. Its focus will be on research-active Cleantech firms.</p> <p>(DJEI, DES)</p> |
| 7.3.12 | <p>Invest €76m in the Better Homes Scheme during 2012, supporting at least 4,500 jobs in the retrofitting of homes</p> <p>(DCENR, SEAI)</p>                                                                                                                                                                                                                  |
| 7.3.13 | <p>Develop a Pay As You Save (PAYS) scheme which allows consumers to finance energy upgrades directly through the energy savings generated. Roll-out will be developed in light of comprehensive consultation with all stakeholders and will aim to continue supporting jobs in green construction and retrofit</p> <p>(DCENR, SEAI)</p>                     |

## 7.4 Agri-food Production

### The Opportunity

World population will exceed 9 billion in 2050 and the proportion living in large urban conurbations is expected to rise from 50% to 70%<sup>5</sup>. The OECD has recently indicated that there will be around 3 billion middle class consumers in Asia by 2030. These developments have a number of implications for the global production of food, not least of which is that rising levels of affluence are associated with increased calorie consumption and protein intake.

Ireland has a sustainable, grass-based production system with a low-carbon footprint, an exportable surplus of food, prospects of increasing production, very high standards of food safety, a proven capacity to export to international markets and some strong food and drink companies. Against this backdrop, there are opportunities for growth and expansion of Ireland's agri-food industry, particularly in those sectors associated with dairy, meat, seafood and drink production. The abolition of milk quotas by 2015 presents an opportunity to dramatically increase Ireland's production of milk and associated added value products. In relation to meat, the changing pattern of protein consumption globally and premium markets within the EU provides opportunities to increase the value and value-added components of Irish meat exports. On seafood, there is a growing demand for seafood and a realisation of the opportunities for aquaculture/farmed production. This potential should be considered against the backdrop of the EU's requirement to import almost 70% of all seafood consumed in Europe. Production of farmed seafood in Ireland has been hindered by lack of access to suitable large scale licensed areas and the aim now is to address this by creating new deep sea organic fish farming production areas. International market demand for whiskey is increasing providing a significant opportunity for increased Irish production and marketing by the multi-national companies who have invested in Irish whiskey.

There are 135,000 people currently employed in the agri-food sector in Ireland, approximately 90,000 in primary production (agriculture, forestry and fishing) and another 45,000 in food and beverage manufacturing and related activities. A target under Food Harvest 2020 is to increase employment by 7,500 in value-added food production.

### The Existing Sector

- The agri-food and drinks sector accounts for:
  - 6.2 per cent of Gross Value Added (GVA) in the economy.
  - 7.5 per cent of national employment (135,000 jobs).
  - 18 per cent of Ireland's total industrial output.
  - 60 per cent of manufacturing exports by indigenous firms.

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<sup>5</sup> Food and Agricultural Organisation of the United Nations

- In 2011, exports increased by almost 11% to €8.9bn, reversing the declines in 2008-2009 and establishing a new record.
- More than 70 per cent of Irish agri-food expenditure is on Irish goods and services, compared to 44 per cent for all manufacturing. Its low import content and high net foreign earnings mean that €100 in exports from the bio-sector (agriculture, forestry, fisheries, food & drink industries) contributes around €48 to GNP.
- The food and drink sector comprises over 1,100 enterprises of all sizes, with a wide geographical spread comprising about 15% of manufacturing employment in the BMW region, 10% in Dublin and 17.5% in the South and East area.
- Substantial investment in research over the past decade has enabled Irish companies to build up wide-ranging expertise, particularly in the key dairy and beef sectors, and has enabled Irish farmers to be among the most technically efficient in the world.
- The sector provides a base for substantial engineering and services businesses that are exporting around the world in areas from farm machinery to value added services in genetics and feed efficiency.

### The Challenges

Main challenges include:

- Low scale, fragmented structure relative to major international competitors - this can be mitigated through cooperation, “co-opetition” and consolidation.
- Improved competitiveness and operational efficiency to deliver value added and innovative food products and mitigate the low level of profitability which has been a constraint on investment and Research, Technology and Innovation at company level.
- Development of value based brand to differentiate Irish food and drink.
- Capitalise effectively on opportunities arising from ending of milk quotas.
- Fostering a climate of entrepreneurship and innovation.

To address these challenges, the Government has adopted Food Harvest 2020 based on an industry-led ‘smart, green growth’ vision. A High Level Group, chaired by the Minister for Agriculture, Food and the Marine, has been established to monitor implementation of the report and ensure delivery of the following targets:

- A 33 per cent increase in the value of the primary output of the agriculture, fisheries and forestry sector.

- Improve exports and value added by over 40 per cent.
- Increase milk production by 50 per cent.
- Add 20 per cent to the value of the beef sector.
- Increase value of seafood from €700m to €1 billion.
- Underpin the current employment levels of 135,000 and achieve a net increase of 7,500 in food and beverage companies and expand the indirect employment impact.

The High Level Group has already published its first progress report (Milestones for Success) and set rolling quarterly targets against which progress is assessed and a trajectory of annual targets.

Industry engagement has also been achieved at sectoral level through specialised groups, food industry collaboration on research initiatives, joint ventures between companies and with public bodies on new product development, leveraging of technology transfer to benefit SMEs and in-depth consumer and market research for new product development and innovation.

Significant steps were taken in Budget 2012 to provide stock relief and other incentives directed at encouraging farm partnerships, to improve farm structures and scale, facilitate more efficient operations and bring more innovative and energetic young prospective farmers into farming.

**The following actions will be undertaken in 2012 in respect of the Agri-Food sector. We will:**

|              |                                                                                                                                                                                                                                                                  |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>7.4.1</b> | <b>Promote 'co-opetition' projects within the food industry, encourage B2B business, facilitate mentoring by larger food companies of smaller companies.</b><br><br><b>(DAFM, Bord Bia, Enterprise Ireland)</b>                                                  |
| <b>7.4.2</b> | <b>Ensure completion of industry projects awarded aid under the Dairy, Beef and Sheepmeat Funds and ensure the implementation of a range of additional major company expansion projects approved over the last 24 months.</b><br><br><b>(Enterprise Ireland)</b> |
| <b>7.4.3</b> | <b>Attract graduate talent into marketing roles within the food industry in line with the targets set out in Food Harvest Milestones for the Bord Bia Marketing Fellowship, Alumnus and Food Graduate Marketing Programmes.</b><br><br><b>(Bord Bia)</b>         |

|        |                                                                                                                                                                                                                                                                                               |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.4.4  | <p>Work closely with the industry to develop their plans to deal with the increasing supply of raw material projected in Food Harvest 2020 and support the development of increased scale and value added processing.</p> <p>(Enterprise Ireland)</p>                                         |
| 7.4.5  | <p>Drive the technology capability of the industry, and progress the establishment of further industry and third-level research collaborations in the food sector, taking into account the outcome of the National Research Prioritisation Exercise.</p> <p>(Enterprise Ireland, Teagasc)</p> |
| 7.4.6  | <p>Review the Food for Health Ireland collaborative research centre and develop a plan for future support.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                    |
| 7.4.7  | <p>Implement incentives and measures to improve skills, farm structure and scale set out in Budget 2012.</p> <p>(DAFM, Teagasc)</p>                                                                                                                                                           |
| 7.4.8  | <p>Progress the development/licensing of large scale offshore finfish aquaculture sites in line with the road map set out in Food Harvest 2020 Milestones report.</p> <p>(BIM, DAFM)</p>                                                                                                      |
| 7.4.9  | <p>Involve more food businesses in the Teagasc Food SME Technology Support Programme which targets start-up companies, growing enterprises and artisan food producers.</p> <p>(Teagasc, Enterprise Ireland)</p>                                                                               |
| 7.4.10 | <p>Win additional foreign investment from multi-national food companies and assist food multinationals already in Ireland to win more projects.</p> <p>(Enterprise Ireland, Teagasc, DAFM, DJEI)</p>                                                                                          |
| 7.4.11 | <p>Research, map and add to the food incubation space potentially available in industry and State agencies for use by existing and new food entrepreneurs.</p> <p>(DAFM, Teagasc, Enterprise Ireland)</p>                                                                                     |

|        |                                                                                                                                                                                                                                                                                             |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.4.12 | <p>Complete DAFM, Enterprise Ireland and Bord Bia scoping exercise on the market potential for delivery of new food and nutritional products and models of service to older people.</p> <p>(DAFM, Bord Bia, Enterprise Ireland)</p>                                                         |
| 7.4.13 | <p>Create over new 150 jobs in the seafood sector by 2014 through the expansion of 18 seafood processing companies with investment supported by grant aid from BIM.</p> <p>(BIM, Enterprise agencies)</p>                                                                                   |
| 7.4.14 | <p>Run a number of business market development ventures, including two significant projects in 2012</p> <p>(DFAM)</p>                                                                                                                                                                       |
| 7.4.15 | <p>Achieve Food Harvest 2020 milestone targets for participation in Enterprise Ireland's Lean services and the Leadership4Growth CEO Programmes for food companies.</p> <p>(Funded by DAFM)</p>                                                                                             |
| 7.4.16 | <p>Ensure continued industry participation in the implementation and review of the strategic research agendas (SRA) for food and primary agriculture - Food Research Ireland and Stimulating Sustainable Agricultural Production through Research and Innovation – SSAPRI</p> <p>(DAFM)</p> |
| 7.4.17 | <p>Fund further collaborative inter-institutional research in line with Food Research Ireland and SSAPRI, to help underpin the sector and deliver the growth targets in Food Harvest 2020</p> <p>(DAFM)</p>                                                                                 |

## 7.5 ICT Hardware and Software

### The Opportunity

ICT is a broad and dynamic sector encompassing software (applications, systems, middleware); IT services (data processing, outsourced IT services, and IT consulting); electronics and hardware; and communications services. It also has a pervasive impact on all sectors, enabling innovation, productivity enhancements and greater customer and market reach. Following a slowdown between 2008 and 2009, the global market for ICT is expected to regain momentum, with an overall annual growth rate of 5 per cent between 2009 and 2014/15. Internet communications (including cloud computing) is set to be one of the fastest growing sub-markets within ICT – with potential growth rate as high as 20 percent per annum over the next decade. The manufacture of both semiconductors and computer hardware continue to exhibit reasonably strong growth prospects globally (6 per cent per annum to 2015). The emergence of next generation internet, mobile ICT, location based services and the exponential growth of social networking have driven innovation and new revenue streams for firms of all sizes. Information security has emerged as a key issue for activities reliant on ICT communications; it also represents a growth opportunity within the ICT sector. The key opportunities for Ireland in ICT are to:

- Emerge as a global leader in cloud computing – both as a provider of supporting software, services, and related hardware and as an early adopter across the enterprise and public sector to realise associated productivity gains.
- Develop as a centre of excellence for software engineering and development in high growth areas such as telecommunications (including mobile), cloud computing, natural language programming, security and financial services.
- Take advantage of the shift toward “Software as a Service” (SaaS) and increased demand for hosted/managed services, such as electronic records and supporting data management infrastructures (incl. green data centres).
- Maintain Ireland as a key location for semi-conductor production and R&D (including miniaturisation of devices).
- Increase niche equipment manufacturing in low and medium volumes, particularly for IP sensitive and technology sensitive products; e.g. nanofabrication.
- Take advantage of opportunities arising from convergence leading to niche/IP intensive manufacturing and services in areas such as eHealth and Green IT.

### The Existing Sector

Almost 97,000 people are employed in ICT firms in Ireland - 27,000 in ICT hardware segments and 70,000 in software and ICT services. The overall trend in ICT hardware manufacturing related employment has been downward over the past decade and the sector has been hit by a number of high profile downsizings in the area of PC manufacturing. The ICT hardware sector that remains is one based on advanced manufacturing in areas such as microelectronics, semi-conductors and telecommunications equipment and devices. By comparison, employment in ICT software and services activities has been an area of strong growth for Ireland and this part of the industry is likely to provide net employment creation in the coming five years. Ireland is host to some of the largest ICT firms globally, many of whom have operations in Ireland that cross the manufacturing-services divide (so-called “manu-services”). In addition, several indigenous ICT companies have gained leading positions in niche markets providing tailored software for the financial services, healthcare, education and entertainment sectors. The indigenous software industry is comprised of more than 500 companies and employs over 10,000 people.

Ireland has a strong international reputation based on domain expertise, manufacturing excellence and technical capability - underpinned by a supportive fiscal regime. The priority given to ICT within the Government’s investment in research and development since the late 1990s has been particularly noteworthy. The relevance of publicly funded research to the MNC and indigenous enterprise base is demonstrated through the many collaborations taking place between industry and academic groups. The Government will continue to support ICT related research in a targeted way based on the recommendations of the National Research Prioritisation Exercise.

### The Challenges

While growth potential remains strong at the global level and Ireland can play to its strengths and strong track record in ICT manufacturing and software/service development, there are some specific challenges to realising potential for growth in the sector in Ireland:

- Maintaining cost competitiveness in the midst of intensifying competition globally, especially in manufacturing is a key issue; particularly vis-à-vis low cost economies where more mature areas continue to be outsourced.
- The ongoing need to ensure availability of appropriately skilled labour force with technical skills in areas such as programming (Java, C++), electronic engineering and design.
- The need to ensure ongoing availability of competitively priced, high speed broadband networks.
- The limited scope for software SMEs to engage in public procurement initiatives – from which strong reference clients and partnerships emerge.
- Supporting and fostering digital innovation and the emergence of digital start-up companies.

**The following actions will be undertaken in 2012 in respect of the ICT sector. We will:**

|       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.5.1 | <p>Implement the Action Plan on ICT Skills to address the skills needs of ICT and related sectors including the following key actions:</p> <ul style="list-style-type: none"> <li>▪ Upskilling and conversion actions to increase the domestic supply of high-level skills over the period 2012-2014 including maximising the uptake of Springboard ICT programmes, Job-bridge National Internship Programme, and introducing a Higher Diploma Level 8 Conversion Programme;</li> <li>▪ Actions to improve retention rates on undergraduate ICT programmes. This includes the promotion of alternative ICT progression pathways for students;</li> <li>▪ Actions to increase the mathematical proficiency of students at secondary level including further roll-out of Project Maths, professional development opportunities for teachers and the implementation of a new National Numeracy and Literacy Strategy;</li> <li>▪ Actions to ensure that higher education programmes in ICT are aligned to changing needs including the establishment of a high level ICT Foresight Group to strengthen further the dialogue between key industry and HEI decision makers;</li> <li>▪ Actions to increase the number of students with good maths skills into ICT undergraduate programmes through a range of awareness initiatives that will complement the introduction of bonus points for maths from September 2012.</li> </ul> <p style="text-align: right;">(Department of Education and Skills)</p> |
| 7.5.2 | <p>Invest in 100mbps broadband connectivity for second level schools as an enabler for eLearning and enhancing digital skills for school leavers.</p> <p style="text-align: right;">(DCENR/DES/HEAnet)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 7.5.3 | <p>Support an enterprise-led International Digital Services Centre (IDSC) which will create a physical and virtual cluster of digital services companies in Ireland to be a vibrant environment where the digital content and technology communities converge to create, grow and build new business opportunities; Establish an IDSC Implementation Group to align state agencies towards a singular vision of creating the optimal business environment for International Digital Services.</p> <p style="text-align: right;">(D/Taoiseach)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 7.5.4 | <p>Support the innovation and competitiveness agendas of the indigenous ICT sector through programmes including Innovation Partnerships and Lean Programmes to ensure that they can compete effectively both domestically and internationally.</p> <p style="text-align: right;">(Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

|       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.5.5 | <p>Increase the quantity and quality of ICT related start-ups through initiatives such as the Competitive Start Fund and the Internet Growth Acceleration Programme.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 7.5.6 | <p>Support industry-led clustering initiatives around existing key sectors notably Finance, Telecommunications and e-Learning as well as emerging clusters in Security and Games and support companies in implementation of “new software economy” business models focussed on Cloud Computing, Software as a Service (SaaS), Internet and Social Media Applications including Games.</p> <p>(Enterprise Ireland, IDA Ireland, Science Foundation Ireland, Digital Hub)</p>                                                                                                                                                                                                                 |
| 7.5.7 | <p>Work with the existing clusters of world class ICT hardware and software companies already established in Ireland through IDA Ireland’s Client Development Programme to continually up-grade and transform their operations to meet the changing needs of the sector globally.</p> <p>(IDA Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                  |
| 7.5.8 | <p>Identify and target major companies and activities through IDA Ireland’s ICT Global Marketing Team with a view to attracting new MNCs to establish operations in Ireland.</p> <p>(IDA Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 7.5.9 | <p>Based on the outcome of the National Research Prioritisation Exercise, focus Government investment in ICT-related research into areas that most directly link to the research and innovation agendas of the indigenous and foreign-owned enterprise base in Ireland including support for:</p> <ul style="list-style-type: none"> <li>▪ Data Analytics, Management, Security and Privacy;</li> <li>▪ Future Networks and Communications;</li> <li>▪ Digital Platforms, Content and Applications; and</li> <li>▪ Enabling technologies such as nanotechnology, microelectronics, photonics and software engineering.</li> </ul> <p>(Research funders and Prioritisation Action Group)</p> |

## 7.6 Cloud Computing

### The Opportunity

Cloud computing presents opportunities and challenges for both the ICT sector as it evolves and also for a wide range of other sectors of the economy. For the ICT sector, cloud will be a driver of innovation and growth; for other sectors 'cloud' applications facilitate enhanced productivity and innovation and lower costs. Cloud is a method for supplying and using computing resources and functions that are centralised, accessed via the Internet and delivered on demand on a pay-per-use basis. Ireland is well positioned to exploit opportunities with our existing strengths in ICTs, data centres, international telecoms connectivity and skills in shared services.

### The Existing Sector

While current employment and likely future employment in “Cloud Computing” are difficult to estimate (and are most likely captured already under “ICT Hardware and Software”), a study commissioned by Microsoft Ireland<sup>6</sup> contends that Cloud Computing has the potential to create more than 8,000 jobs within the ICT sector by 2014 as well as providing the basis for considerable enterprise and employment creation outside of the ICT sector.

The opportunity for Ireland arising from the growth of cloud computing has a number of facets as follows:

- The development of the ICT (Cloud) enterprise sector in Ireland (attracting new investments from FDI, and stimulating/supporting the emergence of start-ups providing technology solutions and services in the cloud ‘space’ (these investments may emerge from existing sectors).
- Stimulating the take up and use of cloud computing by small businesses and start ups in Ireland (cost reduction/productivity/efficiencies) across all sectors.
- Positioning the public sector as a key driver in the use of Cloud.

### The Challenges

Key challenges relate to data protection, information security, reliability of service, and the absolute necessity for high speed broadband.

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<sup>6</sup> “Ireland’s Competitiveness and Jobs Opportunity: Cloud Computing”, Goodbody Economic Consultants January 2011.

Cloud is a key driver for the increased global demand for servers and Data centre infrastructures. As data centres are high utility users, energy cost competitiveness is crucial.

Access to an adequate supply of relevant high quality skills is critical. The supply of people with specific software programming languages that underpin Cloud technology (e.g. C++, C#, Java, Python, SQL databases, Microsoft Net Framework, HTML, XML, and Windows/Linux operating platforms) is not meeting demand. SOLAS is working to develop appropriate training programmes for building skills to support Cloud Computing and first Cloud Computing masters and undergraduate programmes were announced in May by Cork Institute of Technology.

The Minister for Jobs, Enterprise and Innovation recently established a High Level Implementation Group (HLG) focused on maximising the enterprise potential from the growth of cloud computing and to ensure that the State demonstrates leadership in the deployment of cloud technology within the public sector. The Government, through the HLG, will support the growth and jobs potential of cloud computing through initiatives around next generation broadband, skills development, regulatory environment and the development of a Cloud Computing Strategy for the Public Service.

**The following actions will be undertaken in 2012 in respect of the Cloud Computing sector. We will:**

|       |                                                                                                                                                                                                                                                                                                           |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.6.1 | <p><b>Progress the Cloud Computing Strategy for the Public Service - Centre for Management and Organisational Development to bring the strategy to Government for consideration and approval.</b></p> <p>(DPER - CMOD)</p>                                                                                |
| 7.6.2 | <p><b>Examine the potential for demonstration projects in cloud computing to promote Ireland as a centre of excellence for this technology, provide a reference site for Irish companies, while potentially lowering costs and improving services.</b></p> <p>(DJEI, Enterprise Ireland, IDA Ireland)</p> |
| 7.6.3 | <p><b>Deliver a Cloud Computing Technology Research Centre in order to support an industry-led research and innovation agenda in this area.</b></p> <p>(Enterprise Ireland, IDA Ireland)</p>                                                                                                              |
| 7.6.4 | <p><b>Support industry groups (e.g. Irish Internet Association) to develop and deliver a practical tool kit to assist SMEs in assessing the adoption of Cloud Computing for their business.</b></p> <p>(Enterprise agencies)</p>                                                                          |

|       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.6.5 | <p>Support research groups in areas of relevance to exploitation of cloud computing, such as semantic web and financial stock analytics, through for example support for the Digital Enterprise Research Institute (DERI). In other areas, such as middleware, information security, distributed computing, researchers are furthering research in this area with direct application in the cloud computing context.</p> <p>(Research Funders including SFI/EI)</p> |
| 7.6.6 | <p>Ensure that ICT Skills Action Plan incorporates needs associated with development of Cloud Computing in Ireland.</p> <p>(DES)</p>                                                                                                                                                                                                                                                                                                                                |
| 7.6.7 | <p>Develop a Cloud Computing Procurement Standard with industry experts through an NSAI Standards group.</p> <p>(NSAI)</p>                                                                                                                                                                                                                                                                                                                                          |

### 7.7 Digital Games

#### The Opportunity

As the global economy moves towards a more digitally oriented business and social environment, there are significant opportunities for the development of digital services and businesses. Digital Games is a particularly strong niche market. The overall global video games market is expected to grow from US\$55.5bn in 2010 to US\$82.4bn in 2015, or 8 percent per annum, making it one of the fastest growing segments of the wider entertainment and media sector. Global growth is being fuelled by a shift to online and mobile distribution channels. The sector is moving away from the traditional video game console-oriented model towards more casual and increasingly socially connected on-line gaming world, catering to a much broader demographic. The 'games as a service' model is becoming a reality, enabled by cloud technology and new (mobile) devices. Experimentation with emerging technologies, business models and end user engagement within the sector makes it a pioneer within the broader digital economy.

Against this backdrop, there is significant potential for further growth of the sector in Ireland. A Forfás study has estimated that employment could double from 2,500 to 5,000 by the end of 2014 if the appropriate action is taken to support the sector in Ireland<sup>7</sup>. Growth in the core games sector is also likely to have a wider impact in related activities - such as animation, tv/film production, advertising, e-learning, and the range of supporting services that are now an integral part of the games landscape<sup>8</sup>.

The key areas of opportunity for Ireland are:

- Growing activity in creative development.
- Building on a strong track record in customer engagement and support.
- Promoting Ireland as a global centre for IP exploitation/exchange.
- Continuing to grow innovative technology and middleware start-ups.
- HQ/global business services activities.

Ireland's games sector can differentiate itself globally as a vibrant and well connected cluster – taking advantage the country's small size and agility within a progressive and digitally advanced operating environment.

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<sup>7</sup> The Games Sector in Ireland: An Action Plan for Growth, Forfás, 2011

<sup>8</sup> Including data hosting, internet service providers, information security, social networks, outsourced payments and billing

### The Existing Sector

Games companies in Ireland directly employ around 2,200. The sector has demonstrated capability in multilingual customer relationship management and analytics. Ireland already has an international reputation as a developer of enabling software and technology solutions across a range of sectors. The games sector has contributed to this reputation with a number of highly renowned indigenous companies emerging in the middleware space.

Future growth in the sector will benefit from Ireland's supportive IP regime, availability of R&D tax credits and enterprise supports, and sustained government investment for science, technology and innovation within research institutions and at the firm level. Emerging research strengths in areas such as graphics and visualisation, next generation localisation, sensor technologies, data mining and analytics will help drive innovation within the sector in Ireland.

### The Challenges

The overriding theme in any analysis of the games sector is that of continuing uncertainty and change and there is the inherent challenge in forecasting what and from where the next disruptive force will come. There is considerable turbulence within the sector globally as the major players chase scarce creative talent and seek to grow their share of expanding online and mobile markets. Ireland's current position of growth in this context is not assured in the future, and there is intense and often aggressive competition globally for talent.

Key challenges for Ireland include the following:

- The ability to attract (and grow) requisite talent in an intensely globally competitive environment with expertise and capabilities across the domains of creativity, technology and business acumen.
- The ongoing need to ensure availability of appropriate skills; including technical skills in areas such as programming (Java, C++), electronic engineering and IC design; relevant support skills, including languages and customer support; and the expertise to manage increasingly complex business models across geographically dispersed value chains.
- Availability of competitively priced, high speed broadband telecommunications.
- Availability of tailored funding especially at concept development stage.
- Need for deeper engagement with Irish HEIs in relation to research in analytics, next generation localisation, graphics/visualisation, sensor technologies etc.

**The following actions will be undertaken in 2012 in respect of Digital Games. We will:**

|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>7.7.1</b> | <p>Establish a Clustering Development Team to support the implementation of actions called for in the Forfás Games Strategy including those below.</p> <p>(Department of Jobs, Enterprise and Innovation)</p>                                                                                                                                                                                                                                                                                                                                                                          |
| <b>7.7.2</b> | <p>Convene an R&amp;D supports workshop to promote awareness about available R&amp;D supports and issue an enterprise friendly guide on R&amp;D tax credits to include examples of relevance to games companies.</p> <p>(Enterprise Ireland, IDA Ireland)</p>                                                                                                                                                                                                                                                                                                                          |
| <b>7.7.3</b> | <p>Support industry in working with third level institutions to introduce a pilot game development/publishing 'hothouse' initiative for undergraduate and Post Leaving Certificate courses. The initiative will bring together, in multi-disciplinary teams, students from games, multimedia and animation courses (from a range of participating PLC and third level colleges) to work together on a game development project for a defined period. Each of the teams will receive mentor support from industry practitioners.</p> <p>(Clustering Development Team with industry)</p> |
| <b>7.7.4</b> | <p>Undertake a feasibility study to examine what structures and policies could be developed to make Ireland a world centre for managing and trading in intellectual property. Complete the report of the Copyright Review Committee on barriers to innovation.</p> <p>(DJEI, DJE)</p>                                                                                                                                                                                                                                                                                                  |
| <b>7.7.5</b> | <p>Assess the case for a new financial instrument/relief to incentivise creative content development.</p> <p>(Department of Jobs, Enterprise and Innovation)</p>                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>7.7.6</b> | <p>Progress measures in relation to Next Generation Broadband set out in earlier section.</p> <p>(DCENR)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

## 7.8 Tourism

### The Opportunity

Tourism is one of Ireland's most important economic sectors and has significant potential to play a key role in Ireland's economic renewal. As well as being our longest-standing source of service export earnings, it generates employment for a range of skills levels across the country – often in areas where the scope to develop other export-focused sectors is constrained. There are 180,000 people employed in the tourism and hospitality sector in Ireland across accommodation, restaurants, transport, tourist attractions etc. The Trade, Tourism and Investment Strategy envisages an additional 15,000 employed in tourism directly if tourism numbers can be increased to 8 million by 2015. Tourism's contribution is not confined to directly generating employment, economic activity and exports. It also contributes by encouraging social inclusion and access to the labour market, because of the flexibility and diversity of its associated employment. Tourists also increase the payback from infrastructure and facilitate the efficient use of services.

International tourist arrivals are forecast to reach 1.8 billion by 2030 according to the UNWTO. They foresee that international tourism will continue to grow in the period 2010-2030, but at a more moderate pace than past decades. The number of international tourist arrivals worldwide is expected to grow by an average of +3.3% a year. However the bulk of this growth is expected in regions with developing economies and less mature tourist sectors; Europe generally is expected to show relatively slow growth over coming decades. Nonetheless, there is significant scope for Ireland to recover and subsequently build market share in terms of arrivals and, more importantly, to maximise revenue from overseas tourism.

### The Existing Sector

CSO figures for 2010 show that just over six million overseas visitors came to Ireland – a decrease of 13% on 2009. The vast majority of visitors to Ireland came from four distinct geographical areas, broken down as follows:

|                 |              |                          |
|-----------------|--------------|--------------------------|
| Great Britain   | 2.73 million | (45 % of total visitors) |
| Mainland Europe | 2.04 million | (33 % of total visitors) |
| North America   | 0.93 million | (15 % of total visitors) |
| Other Areas     | 0.31 million | (5 % of total visitors)  |

The decline in visitor numbers was driven by adverse exchange rates in our biggest markets (US and GB), the global downturn, and reductions in air access – with exceptional events such as weather and volcanic ash also reducing total figures in 2010. While an increased tendency for Irish people to holiday at home has taken up some of the slack, overall earnings in the tourism sector have fallen.

The estimate for expenditure by overseas visitors in 2010 is €2.7 billion. When carrier receipts are included, along with cross-border visitors, this estimate rises to about €3.4 billion. Estimated spending on domestic tourism in 2010 was €1.3 billion. Total spending on tourism in the national economy was therefore €4.7 billion (including carrier receipts).

The number of visits from overseas to Ireland in 2011 will see growth for the first time since 2007, with an estimated increase of 7%. The increase has occurred from every major market area, including Great Britain, North America, continental Europe and the other long haul markets.

The tourism and hospitality sectors supported an estimated 180,000 jobs in 2010. However, CSO data for Accommodation and Food employment indicates that the continued fall in visit numbers was followed by a sharp fall in employment at the end of 2010 and early in 2011. The recovery in overseas visits in 2011 has seen some recovery in employment, up 6,000 over March-September 2011 after seasonal adjustments.

Traditionally, the major attractions of Ireland as a tourist destination have been the level and depth of contact with the Irish people and our beautiful scenery. More recently visitors have also travelled to Ireland to avail of the wide range of sporting and recreational facilities and events. Golf, angling, walking, cycling, equestrian, culture and heritage are all easily accessible alongside some of the highest standards of accommodation, food and hospitality, often in a rural setting.

Meanwhile, Dublin has established itself as a vibrant destination in its own right, competing with Europe's renowned capital cities, in particular for short-break business.

The overall deflation in Irish costs has been paralleled in the accommodation sector particularly and Ireland now offers some of the best-value hotel accommodation in Western Europe.

In other respects tourism has come out well from the current economic difficulties, with a wide acknowledgement of its role in providing long-term employment for people with a range of skills and across the country, that is less cyclical than construction and cannot be offshored. Through the recently established Export Trade Council, Tourism Ireland's links to other State agencies and the diplomatic service are also being strengthened, to maximise Ireland's overseas impact.

### The Challenges

While the potential for growth is substantial, there are a number of challenges facing the sector:

- Unemployment has reached double digit levels in many of our key tourism markets and it is likely to remain high for the foreseeable future as employment levels lag economic recovery, further dampening consumer confidence and spending.

- The severity of the global recession has brought changes in consumer habits and lifestyle choices. Holidaymakers have less disposable income and are taking fewer holidays. This has led to a change in the way consumers choose and plan their holidays with fewer, shorter and closer-to-home holidays becoming the norm.
- While the global recovery in 2010-11 fed through to overseas visits to Ireland in 2011, as shown above, and Tourism Ireland are targeting further growth of 4.5% in overseas visits in 2012, the current levels of uncertainty internationally are a concern. The main driver of tourism business is ultimately the disposable income of consumers in key markets, and falls in confidence are a major risk to growth.
- Individual, small to medium sized enterprises are the backbone of the industry which competes in an increasingly globalised international tourism marketplace. The downside of this is a relatively weaker management corps and very dispersed ownership, compared to multinational industrial and service exporters. Successive declines in revenue have meant that businesses are operating with very low margins and are constrained from maintenance and upgrading of existing product stock, while difficulties in securing credit are not only constraining such re-investment but also working capital. At the same time, investment in capacity during the periods of rapid growth in the last decade has left a legacy of over-investment in some areas, similar to that in other sectors of the economy.
- Costs remain high relative to competitors - a structural change to the costs of doing business in Ireland is essential - of particular concern are labour, waste and energy costs and local authority charges.

**The following actions will be undertaken in 2012 in respect of the Tourism sector. We will:**

|       |                                                                                                                                                                                                                                                                                                                                               |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.8.1 | <p><b>Support competitiveness of the Irish tourism offering, through minimising the costs of doing businesses, state imposed costs and regulatory burdens and ensuring the quality of the product is maintained by supporting enterprises and improving e-capability.</b></p> <p style="text-align: right;"><b>(DTTS, Fáilte Ireland)</b></p> |
| 7.8.2 | <p><b>Target capital investment in public tourism product and infrastructure under the €21m capital budget available to Fáilte Ireland.</b></p> <p style="text-align: right;"><b>(Fáilte Ireland)</b></p>                                                                                                                                     |

|       |                                                                                                                                                                                                                                                                                     |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.8.3 | <p>Develop tourism products/activities where Ireland can gain comparative advantage (e.g. in food, culture, activity breaks, events and festivals), including securing major sports events and conferences for Ireland.</p> <p>(DTTS, Fáilte Ireland, Bord Bia)</p>                 |
| 7.8.4 | <p>Maintain the offer to abolish the remaining Air Travel Tax of €3 subject to acceptable commitments from the carriers to additional inbound flights.</p> <p>(Department of Finance, DTTS)</p>                                                                                     |
| 7.8.5 | <p>Use the Tourism Marketing fund of €40m to support international marketing and advertising programmes, focusing on the four core source markets (GB, US, Germany and France) essential to sustaining employment in the sector.</p> <p>(DTTS, Tourism Ireland, Fáilte Ireland)</p> |
| 7.8.6 | <p>Advance promotion and preparations for “The Gathering 2013” - a year long programme of events, festivals and gatherings driven by arts, sports, business and community groups and supported by the Tourism Agencies.</p> <p>(DTTS, Tourism Ireland, Fáilte Ireland)</p>          |

## 7.9 International Financial Services

### The Opportunity

A number of global trends are driving opportunities and innovation in the international financial services (IFS) sector. Driven in large part by the 2008 financial crisis, there is now an increased emphasis on risk analysis, data security and information management. In parallel, there is also a renewed focus on regulation – effective and balanced regulation is a key locational consideration for investors. Demographic factors are also driving the development of new products and services – for example, the ageing of populations in many developed countries is driving the development of new products tailored to the needs of retirees. In emerging markets, population growth and greater affluence are now providing opportunities for finance and capital growth products. Elsewhere, the growing focus on environmental regulation and sustainable development is creating opportunities for Green financial products.

The Strategy for the International Financial Services Industry in Ireland<sup>9</sup> states that there are 33,000 people employed directly in Ireland in international financial services (i.e. excluding domestic banking and financial services activity). The Strategy sets an objective to increase employment in this sector by 10,000 by 2016. Based on global trends and existing strengths, the opportunities for employment growth arise in the following areas:

- Banking & Capital Markets - opportunities exist in Financial Shared Services; Operations Centres; Banking Technology; Bond Financing; Debt Management.
- Insurance - Insurance Technology, Life Assurance, Non-Life Assurance, Reinsurance and Captive Insurance all offer possibility for growth.
- Funds and Investment Management - opportunities for growth exist in Fund Administration, Leasing, Prime Brokerage, Asset Servicing, Proprietary Trading, Structured Financing and Securitisation.
- Aviation services – opportunities exist for growth in the aviation leasing industry in Ireland which already employs over 1,000 people directly.
- A number of cross-sectoral opportunities also exist – relating to Information Security; Green Finance; Data and Analytics; and Islamic Finance.

The Programme for Government states that the Government “supports the future development of the IFSC as a source of future employment growth, subject to appropriate regulation” and commits to the development of the financial services sector to maximise employment opportunities, not least for staff leaving employment as a result of downsizing in the domestic banking sector.

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<sup>9</sup> Strategy for the International Financial Services Industry in Ireland 2011-2016, Department of the Taoiseach

The IFSC Clearing House Group which operates under the aegis of the Department of the Taoiseach, and brings together representatives of all aspects of the international financial services sector in Ireland, together with representatives of Government departments and public bodies concerned with the sector, shares the conviction that there is scope for development and employment growth on a significant scale. It has prepared a strategy that has been framed on the basis of an objective to create more than 10,000 net new jobs, to protect existing employment and business and to consolidate the sector as a key driver of the Irish economy over the next five years.

### The Existing Sector

There are approximately 33,000 people employed in internationally traded financial services and related activities in Ireland. Exports were valued at €13.9 billion in 2010 – 8.5 percent of total exports – and increased almost four-fold between 2000 and 2010. The main areas of activity in Ireland include:

- Investment/asset management: including real estate, hedge funds and private equity;
- Banking & capital markets: including trading debt, equities, funds, foreign exchanges, commodity and derivative instruments;
- Insurance & pensions: Insurance provides protection against financial losses resulting from a variety of hazards.

More than half of the world's leading financial services firms have operations in Ireland. There is also a growing base of globally successful Irish-owned firms, particularly in e-Payments, insurance and financial software. A number of services companies have developed niche specialisms to cater for the requirements of the sector (regulation, compliance, tax etc.).

Ireland has a strong international reputation based on core competencies in asset management, insurance and fund administration; a supportive tax and fiscal regime (including our network of double taxation agreements); and regulatory and compliance expertise in the internationally traded sector. Government investment in research is helping to underpin the sector in Ireland with a number of teams in receipt of SFI and other funding.

### The Challenges

While the potential for growth is substantial, there are also a number of specific challenges facing the sector in Ireland including:

- The need for competitively priced, high speed broadband networks, a critical enabler of service delivery and developments within the sector, particularly in relation to eFinance.

- The need to ensure that labour costs remain competitive in this area relative to other locations.
- Initiatives to ensure availability of specialised skills in areas such as analytics, regulatory compliance and risk management need to be maintained and augmented.
- Reputational impact of the banking crisis – compounded by the global financial crisis.

In addition, the IFS sector is characterised by a high degree of innovation and a short innovation cycle. New products/services regularly brought to market to win new clients (often quickly copied by competitors as not patentable etc.). Investment in technology is a key part of the innovation process. Given Ireland's current weak economic performance, encouraging such investment represents a significant challenge.

**The following actions will be undertaken in 2012 in respect of the Financial Services sector. We will:**

|              |                                                                                                                                                                                                                                                                                                              |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>7.9.1</b> | <b>Support the implementation of the Strategy for the International Financial Services in Ireland as adopted by the Government</b><br><br><b>(cross-departmental/cross-agency)</b>                                                                                                                           |
| <b>7.9.2</b> | <b>Systematically identify and engage with those existing client companies within the IFS portfolio (150 companies / 250 operations) that have the best potential to deliver the maximum number of new jobs.</b><br><br><b>(IDA Ireland)</b>                                                                 |
| <b>7.9.3</b> | <b>Target those segments of the industry and the associated top companies that are showing signs of growth and a capacity for international expansion.</b><br><br><b>(IDA Ireland/Enterprise Ireland)</b>                                                                                                    |
| <b>7.9.4</b> | <b>Focus on winning investment opportunities in activities that have high job creation potential. IDA will establish a Global Institution Group within its Financial Services Division to explicitly target these very large groups with a view to winning projects of scale</b><br><br><b>(IDA Ireland)</b> |

|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| 7.9.5  | <p>Identify large, global financial services groups that are restructuring their operations in response to the challenges facing the sector and offer Ireland as a high quality, cost-effective and sustainable location with the skill sets directly aligned with their needs. The Global Institution Group referenced in the recommendation above will be relevant here also.</p> <p>(IDA Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 7.9.6  | <p>IDA will work with stakeholders (both public and private) across the system on a number of strategic initiatives that can create new employment opportunities in the medium term. These are as follows:</p> <ul style="list-style-type: none"> <li>▪ Clearing and Settlement / Post Trade Services; Green Finance; Islamic Finance;</li> <li>▪ Progress the recent joint venture announced between IDA Ireland and the Irish Funds Industry Association (IFIA) whereby IDA's overseas office network and staff will be used more proactively to market Ireland as a funds domicile and servicing centre with IFIA providing training and a network of subject matter experts to support IDA's marketing work;</li> <li>▪ Further develop the relationship with IFSC Ireland in terms of marketing and promotion of Ireland as a jurisdiction for high quality international financial services activities.</li> </ul> <p>(IDA Ireland)</p> |
| 7.9.7  | <p>Promote Ireland as International Centre of Excellence in Payments, and continue development of the Financial Services Technology Centre focusing on Governance, Risk and Compliance.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 7.9.8  | <p>Promote Ireland as an intellectual property jurisdiction in relation to the International Financial Services sector.</p> <p>(IDA Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 7.9.9  | <p>Provide support to Irish HEIs to commercialise research projects in International Financial Services.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 7.9.10 | <p>Increase the number of High Potential Start-UP projects including projects from overseas entrepreneurs.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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| 7.9.11 | <p>Engage and consult with industry to enhance the tax framework, including through the annual Finance Bill process, in particular to facilitate areas where Ireland can gain first-mover advantage in developing sustainable business lines.</p> <p>(Department of Finance and Revenue Commissioners)</p>                                                             |
| 7.9.12 | <p>The Central Bank and relevant Government departments will consider and consult with industry, other stakeholders and one another in respect of the effects of new regulation on the financial services sector and the broader economy and any potential overlap between new measures and related existing requirements</p> <p>(cross-departmental/cross-agency)</p> |
| 7.9.13 | <p>Based on the outcome of the National Research Prioritisation Exercise, invest in research and development which can drive innovation in services including financial services.</p> <p>(All research funders under aegis of Inter-Departmental Committee on Science, Technology and Innovation)</p>                                                                  |

### 7.10 Business Process Outsourcing/Shared Services

#### The Opportunity

Business process outsourcing (BPO) is the contracting of a specific business task to a third-party service provider. BPO involves a wide array of activities including business functions (back office) and contact centres (front office). Shared services are centralised activities within a multi-site global corporation. Approximately 39,000 people are employed in these activities in Ireland in companies supported by the enterprise agencies – 35,000 in foreign-owned companies supported by IDA Ireland and a growing base of indigenous activity supported by Enterprise Ireland with approximately 4,000 jobs. There is a general consensus that the BPO and shared services global market will continue to grow despite some set-backs arising from the global economic crisis.

Ireland has an opportunity to operate as a Centre of Excellence for BPO and Shared Services – specifically targeting key knowledge intensive services and building domain expertise (e.g. Community Management & Analytics (games), Document Management Services for regulated sectors, Contract Research Outsourcing, Legal Process Outsourcing).

Within Shared Services, Ireland has the potential to provide higher-order solutions to firms based on a strong competence in management and decision making capability, risk and regulatory management, business process engineering and languages. Sectors that offer potential for growth include financial services, games, online consumer business, as well as the public sector.

Cloud Technologies may offer opportunities for innovative IT companies to deliver IT infrastructures, applications and services on an outsourced, managed basis - in effect, these companies would become part of the BPO sector.

#### The Existing Sector

Ireland has a strong track record in attracting shared services activities from global firms – in particular finance, accounting and treasury management customer technical support, supply chain management, and increasingly a wider range of headquarter activities. There are 140 shared services centres (SSCs) (including contact centres) within IDA's portfolio of companies operating within all sectors and providing a broad range of services. A number of indigenous Business Process Outsourcing (BPO) firms have emerged over the past decade, particularly in the area of financial transactions. Enterprise Ireland supports a cohort of 12 Irish BPO companies providing employment for over 4,000 people today.

In-house contact centre functions offer services direct to consumers ranging from reservations, to problem solution, cross selling and up-selling. Increasingly, contact centres are utilising a wider range of tools including self-service calls, emails and social media.

Dublin ranks 7th as a location for global services outsourcing - the only city in the top 10 located in the Western world and the only predominantly English speaking city.

### The Challenges

- Ireland needs to continue to enhance the skills base so that it meets the more complex requirements of the BPO and Shared Services sector. Quality and availability of higher order skills and process capabilities – particularly in the areas of risk and regulatory management skills, business process engineering (e.g. Six Sigma) and language skills. Ireland's ability to offer multi-lingual services needs to be expanded.
- Best practice, high quality standards, client-centric offerings and continuous improvements needs to be embedded as the norm.
- Costs remain central to a firm's decision to either centralise or outsource business services – and Ireland's relative cost competitiveness remains a concern.
- Availability of cost effective, high speed Next-Generation-Networks is an imperative.

**The following actions will be undertaken in 2012 in respect of the Business Process Outsourcing sector. We will:**

|               |                                                                                                                                                                                                                                                                              |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>7.10.1</b> | <b>Target and secure additional investments from leading global corporations and high growth companies in proprietary and outsourced centralised business process and shared services activities.</b><br><br><div style="text-align: right;"><b>(IDA Ireland)</b></div>      |
| <b>7.10.2</b> | <b>Work with indigenous companies to improve their international tendering capability and promote the usage of new technologies in BPO solutions.</b><br><br><div style="text-align: right;"><b>(Enterprise Ireland)</b></div>                                               |
| <b>7.10.3</b> | <b>Work with existing firms through transformational change initiatives: innovation in business process, business models, technologies, productivity enhancements, re-skilling and up-skilling.</b><br><br><div style="text-align: right;"><b>(Enterprise Ireland)</b></div> |

|        |                                                                                                                                                                                                                                                                                                      |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.10.4 | <p>Capitalise on the significant job creation opportunities in the Business Process Outsourcing area, targeting outsourcing opportunities in Ireland and overseas to sustain existing jobs and create new jobs.</p> <p>(Enterprise Ireland)</p>                                                      |
| 7.10.5 | <p>In line with the Programme for Government, identify further potential non-core activities suitable for external service delivery which could in turn offer opportunities for Irish based BPOs.</p> <p>(All Government Departments)</p>                                                            |
| 7.10.6 | <p>Work with networks and associations (e.g. Shared Services Forum, CCMA) to support the development of the sector to ensure leading edge best practice is disseminated and that new emerging trends are identified to maximise and sustain employment.</p> <p>(IDA Ireland, Enterprise Ireland)</p> |

## 7.11 Education Services

### The Opportunity

The global market for education services is significant and expanding – and presents opportunities for growth in foreign earnings for both public and private sector providers. Ireland needs to build new international markets in e-learning/distance learning and create partnerships between private enterprises and public institutions. A compelling rationale for the internationalisation of education services is that it represents an investment in future global relationships; forging strong links with our current and potential trading partners. The International Education Strategy (2010-2015) has the stated primary objective that “Ireland will become internationally recognised and ranked as a world leader in the delivery of high-quality international education by providing a unique experience and long-term value to students”. The strategy includes the following targets:

- Increase total international student numbers (including full-time, part-time and exchange) in higher education institutions from over 25,500 in 2010 to 38,000 by 2015.
- Increase the number of English-language students from 96,000 in 2010 to 120,000 per annum by 2015.
- Enhance the economic impact of international education from an estimated €900 million per annum in 2010 to approximately €1.2 billion per annum by 2015.

This strategy is closely aligned with a new quality focussed student immigration regime introduced in 2011 which contains a series of reforms, including fast tracking degree programme visas, enhanced post study opportunities for graduates. The potential for international trade in the education sector could be significantly enhanced by forging effective convergence between education services, eLearning, eGames (gaming strategies, simulation and virtualisation), tourism and ICTs.

### The Existing Sector

Full-time international students account for approximately 12 per cent of the student population in the university sector and 5 per cent in the Institute of Technology sector. The share of international students within the larger private colleges in Ireland is estimated at 12 per cent.

Ireland has a number of strengths that provide it with a competitive advantage in the market for international education services. We are considered a small, safe and friendly country. We are a member of the European Union and have extensive global links through our diaspora. We are an English speaking country with a unique cultural heritage. Our education system has had a long history of international engagement and is globally respected. Ireland’s National

Framework of Qualifications (NFQ) and the European Qualifications Framework (EQF) facilitate worldwide recognition of Irish qualifications.

In line with global trends, a number of public and private sector HEIs have established a market presence and/or alliances in emerging markets such as China, the Gulf States and Russia. In addition, Ireland also has a strong cohort of software companies delivering to the e-learning market, another important component of the global market for education services.

### The Challenges

Competition in this area has increased significantly, and fewer students are studying outside their home regions. To remain competitive in this climate, innovative new models of international education provision will be required – including increased use of e-learning/blended learning, enhanced collaboration with international providers and greater levels of delivery overseas. We need to build on the new Education in Ireland brand to maximise awareness of Ireland as a centre of education. Transport links between Ireland and relevant partner countries are critically important in terms of building and maintaining markets.

### The following actions will be undertaken in 2012 in respect of the Education Services sector. We will:

|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.11.1 | <p>Implement the actions contained in the International Education Strategy. These include:</p> <ul style="list-style-type: none"> <li>▪ Continue roll-out of the new Education Ireland brand and marketing/promotion strategy, especially using social media;</li> <li>▪ Enhancing performance through partnership and collaboration;</li> <li>▪ Development of targeted and relevant international offerings for students;</li> <li>▪ Strengthening our Networks of Influence;</li> <li>▪ Working directly with educational organisations to develop their capability.</li> </ul> <p>(DES, Enterprise Ireland, Fáilte Ireland)</p> |
| 7.11.2 | <p>Establish a statutory Code of Practice and a Quality Mark (to be awarded to educational institutions that meet certain criteria) to provide the basis for quality assurance of education services provided to international students</p> <p>(DES, Qualifications and Quality Assurance Authority of Ireland)</p>                                                                                                                                                                                                                                                                                                                 |
| 7.11.3 | <p>Strengthen promotion of the 'Education in Ireland' website (<a href="http://www.educationireland.ie">www.educationireland.ie</a>) with priority market customisation.</p> <p>(Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                            |

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|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.11.4 | <p>Undertake range of initiatives including direct marketing campaigns to raise awareness of Ireland as an education destination.</p> <p>(Enterprise Ireland, Fáilte Ireland, Tourism Ireland)</p> |
| 7.11.5 | <p>Undertake other education missions and events in 2012 (e.g. India, China, Malaysia, Saudi Arabia, US, Brazil).</p> <p>(DES, Enterprise Ireland, Fáilte Ireland, Tourism Ireland)</p>            |
| 7.11.6 | <p>Establish an Agent programme to develop markets in China and Russia.</p> <p>(Enterprise Ireland)</p>                                                                                            |
| 7.11.7 | <p>Work with the relevant institutions/providers to increase their capability and potential to attract international students.</p> <p>(Enterprise Ireland/HEA, Fáilte Ireland)</p>                 |
| 7.11.8 | <p>Continue the process of immigration reform in support of the International Education Strategy.</p> <p>(Department of Justice and Equality)</p>                                                  |

### 7.12 Construction

#### The Opportunity

The construction sector in Ireland currently employs approximately 107,000 people, representing 6 per cent of total employment (down from a high of 270,000 or 14 per cent of employment in 2008). While the sector has witnessed a dramatic decline in recent years, there are opportunities for the sector both domestically and in overseas markets:

- Government investment in infrastructure under the Capital Programme will directly support in the region of 30,000 jobs in construction in the period to 2016. Employment will be maintained and created through investment in schools, hospitals, roads, and water services.
- Growing populations and/or increasing affluence in emerging economies are driving demand for construction; emerging economies are increasing their investment in public infrastructure projects, creating opportunities for experienced Irish construction and engineering companies.
- Specific international sub-markets for Irish construction firms include infrastructure development, power generation, data centres, pharmaceutical manufacturing facilities and sustainability/cleantech.
- The green agenda domestically and internationally provides an opportunity and already energy performance and efficiency regulations and standards are giving rise to employment opportunities for craft-workers with the skills to install renewable energy heating systems, ventilation systems and insulation.
- In general terms, the opportunity exists to transform the sector into one that is based much more on research, knowledge and innovation - linkages between the HEIs and construction companies can help to inform the development of innovative products and services to address the market trends for 'smart' buildings and modular construction.

#### The Existing Sector

Irish construction firms have tended to operate in the lower risk domestic markets – but are increasingly expanding into international markets (e.g. the Middle East). While small companies and independent contractors dominate the sector, there is a growing base of Irish construction and engineering companies undertaking projects abroad. Enterprise Ireland clients in the construction and timber sector had a turnover of more than €6.4bn in 2010, of which more than €1.3bn was exported. While employment conditions remain very challenging, more than 23,000 people were working in Enterprise Ireland supported companies in the sector during 2011.

### The Challenges

- The current economic climate represents the biggest challenge to the sector both in terms of private sector and public sector demand in Ireland.
- The economic environment in Ireland has the potential to limit the exploitation of international opportunities - a key issue for construction companies is their inability to access required levels of bank financing to invest in export development.
- Political upheavals in the Middle East have disrupted growing export markets for Irish construction firms.
- There is an immediate challenge in terms of re-skilling construction workers that have been most affected by the downturn for alternative employment opportunities in the future.
- Securing sales in alternative markets gives rise to challenges in terms of the management capability within Irish construction firms to lead and develop internationalisation strategies.
- The construction industry in Ireland has underinvested in research, development and innovation and needs to build capacity to absorb knowledge and become more innovation focused.

### The following actions will be undertaken in 2012 in respect of the Construction sector. We will:

|        |                                                                                                                                                                                                                                                                                                                                                        |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.12.1 | <p>Support the revival of the property, construction and development sector through the reduction in stamp duty rate for commercial property from 6% to 2%, and the introduction of a Capital Gains Tax incentive for property purchased to the end of 2013 and held for at least seven years.</p> <p style="text-align: right;">(Dept of Finance)</p> |
| 7.12.2 | <p>Support construction and related companies with international ambition to expand presence in key geographic territories and target project opportunities in emerging markets in the Middle East and Africa.</p> <p style="text-align: right;">(Enterprise Ireland)</p>                                                                              |

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|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.12.3 | <p>Target international market opportunities through a range of channels (including Government, major contractors, utilities) and support companies with international ambition to participate in management development initiatives including Management 4 Growth, Excel at Export Selling.</p> <p>(Enterprise Ireland)</p>                                                                                           |
| 7.12.4 | <p>Develop, in consultation with stakeholders, a national strategy for the construction sector to 2015 outlining the opportunities, challenges and actions needed to realise the potential of the sector, to retain expertise in Ireland and to continue to develop capabilities over coming years and to contribute to the development of a cluster development initiative for the sector.</p> <p>(Forfás / DJEI)</p> |
| 7.12.5 | <p>Review the apprenticeship model including costs, duration and demand with a view to providing an updated model of training that delivers the necessary skilled workforce to service the needs of a rapidly changing economy and ensures appropriate balance between supply and demand.</p> <p>(Department of Education and Skills)</p>                                                                              |
| 7.12.6 | <p>Ensure that labour activation programmes continue to be aimed at enhancing the employability of the unemployed, reskilling, upskilling and keeping redundant workers/unemployed persons close to the labour market and are tailored specific to the needs of this cohort of unemployed.</p> <p>(Department of Education and Skills, Department of Social Protection)</p>                                            |
| 7.12.7 | <p>Ensure that HEIs and other providers meet emerging and future skills needs of enterprise within the Green economy relevant to construction (see Section 1 above)</p>                                                                                                                                                                                                                                                |
| 7.12.8 | <p>Continue to support 4,500 jobs in the green energy economy, through retrofit grants programmes and other energy efficiency initiatives.</p> <p>(DCENR)</p>                                                                                                                                                                                                                                                          |

## 7.13 Retail/Wholesale

### The Opportunity

Given its size, scope and diversity, the wholesale and retail sector plays a vital role in the operation of any economy and society. It plays a key role in stimulating entrepreneurial activities, and is employment intensive by its nature, providing significant employment opportunities to people at all levels of qualifications. As a result of the collapse in consumer spending, the sector is one of the hardest hit by the recession, however, the long term prospects for wholesale and retail are more positive. The wholesale and retail sector is an essential part of every economy, which responds strongly to trends in the wider economy. Sector specific actions coupled with a return to growth in consumer spending can help return the sector to sales and employment growth. While most retailers continue to trade locally, advances in ICTs are enabling e-commerce offerings, enhanced productivity and service delivery, stronger customer retail management and the potential for internationalisation.

There are 262,000 people employed directly in the retail and wholesale sector with other indirect employment in transport, logistics and other services all linked to this sector. The challenge is to maintain existing employment in the sector and to provide a business environment that will allow firms to grow employment in the years ahead in response to both domestic demand and, for parts of the sector, through internationalisation of activity where appropriate.

### The Existing Sector

The retail/wholesale sector is an important part of the overall economy:

- It accounts for over 10 per cent of Gross Domestic Product (GDP) and 14.5 per cent of total employment (262,000 jobs).
- There are approximately 44,000 active wholesale and retail enterprises in Ireland, 86% of which have less than 10 employees; an estimated 86% of wholesale/retail enterprises are Irish-owned.
- The sector is becoming increasingly technology intensive, impacting on customer relationship management, supply chain management, and service delivery, raising skills requirements at the top end of the sector. 43% of adults in Ireland shopped on the internet in 2011, an increase of 10 percent since 2007.

The wholesale and retail sector in Ireland has a diverse profile encompassing large international players, large indigenous players (a number of which are now exporting/internationalising) and a very sizeable number of small businesses and franchises, often family owned and owner managed.

The wholesale and retail sector is one of the main economic outlets for those with low levels of participation in higher level education and, as a result, is perceived as a low skilled sector.

However, the profile is changing and average qualification levels in retail are increasing. Strong sales, marketing, team-working and communications skills are critically important. As for all micro firms, managers of small and family owned businesses require a broad range of skills in entrepreneurship and general management.

### The Challenges

There are a number of significant challenges impacting on the sector at present.

- Retail sales in Ireland have declined by 30 percent since their peak in 2008 - the sectors experiencing the largest declines over this period include Furniture and Lighting (-55%); Motor Trades (-50%); Hardware (-39%) and Electrical Goods (-38%).
- The sector has experienced significant job losses, with employment declining by 47,000 from a peak of 314,000 in 2008. Recovery in employment will depend significantly on wider economic growth and increase in consumer spending.
- Many independent indigenous retailers are characterised as having relatively low productivity and innovative capacity – they need to adopt new methods and business processes to reach new customers and optimise supply chain management (particularly through greater usage of ICT).

### The following actions will be undertaken in 2012 in respect of the Retail and Wholesale sector. We will:

7.13.1

Actions identified throughout the Action Plan will impact positively on the retail and wholesale sector, in particular our stated intention to:

- Support initiatives at regional/local level to identify ways to stimulate domestic demand and follow-up on ideas generated (e.g. Buy Local, Farmers Markets);
- Enact legislation to reform wage setting mechanisms;
- Simplify and extend the Employer Job (PRSI) Incentive Scheme;
- Measures addressing access to finance e.g. assess the credit review office to ensure SMEs are getting the support they need on bank lending;
- Support management development networks and mentors for SMEs through Skillnets;
- Actions to manage energy costs, e.g. ensure that subsidies for energy generation are cost effective and that enterprises are encouraged and enabled to improve energy efficiency;
- Actions encouraging all professionals supplying the business sector (accounting, taxation, legal, etc.) to provide price quotations in advance.

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|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.13.2 | <p>Implement the following recommendations of the Advisory Group for Small Business for retail:</p> <ul style="list-style-type: none"> <li>▪ Audit and review the multiplicity of licences required by businesses to assess the potential for discontinuing some licences and for amalgamating licences; this is aimed at reducing the Cost Burden of Regulations.<br/>(Forfás, DJEI)</li> <li>▪ Introduce a Voluntary Code of Conduct on Payments within the private sector, with the aim of reducing payments terms from the current average of 70 days.<br/>(Business Representative Groups)</li> <li>▪ Make available to SMEs an Official Notice regarding the Government's current 15 day Prompt Payment Practice, to support full compliance for all public sector bodies and agencies<br/>(DJEI)</li> </ul> |
| 7.13.3 | <p>In the context of the review of the retail planning guidelines as part of the EU/IMF Reform Programme, undertake an assessment of potential future scenarios for the structure and development of the grocery retail sector in Ireland and the potential economic and social impacts of increases in market share in the sector and policy requirements.<br/>(Relevant State bodies)</p>                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 7.13.4 | <p>Promote greater adoption of ICTs to promote competitiveness, enhance productivity and increase innovation capacity across client companies in the retail sector, particularly in the context of accessing international markets.<br/>(Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 7.13.5 | <p>Support retail firms seeking to internationalise through Enterprise Ireland's Going Global and First Flight programmes.<br/>(Enterprise Ireland)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 7.13.6 | <p>Introduce legislation to allow for the introduction of a statutory code of practice for grocery goods undertakings.<br/>(DJEI)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 7.13.7 | <p>Facilitate a national opportunities awareness campaign by major retail groups. This to involve exhibitions of products which are currently imported but which retailers believe could be produced in Ireland.<br/>(DJEI)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

7.13.8

Provide funding from the Workplace Basic Education Fund for up-skilling workers in these sectors.

(DES/SOLAS)

## 7.14 Arts, Culture and Creative Enterprise

### The Opportunity

The arts, cultural and creative sectors provide high-value employment and have the ability to grow jobs not only in direct content creation but in the related areas such as digital media, video games and interactive media. It is an important element of the creative and cultural industries – and the digital economy – and contributes to national employment creation. It also has the ability to generate and exploit intellectual property, be a wealth generator and an important part of the productive economy.

Globally the cultural and creative sectors represent about 7% of GDP and are forecast to experience strong growth of up to 10 per cent per annum over the coming years<sup>10</sup>. In a European context, it is estimated that the creative and cultural industries represented about 4.5% of European GDP in 2008 and 3.8% of the workforce and that the sectors have the potential to drive employment and exports, cultural diversity and social inclusion<sup>11</sup>. European Cultural tourism is expected to grow at higher rates of up to 15% per annum over the coming years. Similarly, the medium term outlook for the global entertainment and media industry indicates robust positive growth. According to PricewaterhouseCoopers, the global media and entertainment industries will increase in value from \$1.3 trillion in 2009 to \$1.7 trillion worldwide in 2014. One example of growth potential is the audiovisual sector. A vibrant and growing creative audiovisual content industry is a key component of developing Ireland as a centre of excellence for the creative industries and to position Ireland at the heart of the worldwide digital content explosion.

### The Existing Sector

A recent review of the arts sector indicates that it supports more than 21,000 jobs directly and contributes over €300 million in taxes. The arts impact on the wider creative industry which contributes over €4.7 billion to the economy and supports an estimated 79,000 jobs<sup>12</sup>.

The key focus for the arts and culture sector is to protect jobs and stimulate creativity right across the country. The arts in Ireland spans a range of activities and sectors from audio-visual, to music and culture and heritage. The arts are key to cultural tourism and play a key role in stimulating creativity, design and innovation in all facets of society and the economy. Ireland has a strong talent and skills base in the arts and creative sectors, strong international recognition and the opportunity to exploit developments in ICTs to grow creativity, innovation and exports and contribute to economic recovery.

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<sup>10</sup> Economic Impact of the Cultural Sector, DKM Economic Consultants, September 2009

<sup>11</sup> Building a Digital Economy – The Importance of saving jobs in the EU's creative industries, TERA Consultants, March 2010

<sup>12</sup> Assessment of the Economic Impact of the Arts in Ireland, Indecon Economic Consultants for the Arts Council, Update report 2011

### The Challenges

Key challenges in the sector include:

- Maintaining service levels in the cultural tourism sector which at least match those at alternative destinations in light of reduced staffing numbers and funding.
- Securing on-going capital for investment from public or private sources.
- Addressing staff and expertise retention.
- Meeting stiffer international competition.
- Sustaining growth in the film and television production sector in light of reduced public budgets.
- Leading on technology and market channels particularly in the digital environment.
- Working across sectors to create new product opportunities and access and grow new markets.
- Operating in context of reduced discretionary consumer spend.

### The following actions will be undertaken in 2012 in respect of the Arts, Culture and Music Sector. We will:

7.14.1

Take actions as set out in the Creative Capital Report prepared by the Audiovisual Strategic Review Steering Group to double the value of the film and audiovisual sector by 2016 to over €1 billion, double employment to over 10,000 and increase cultural exports of Irish audiovisual production by:

- Encouraging cross-pollination of ideas and ventures from the film, television and audiovisual sectors to the games and mobile content sectors;
- Undertaking a range of skills initiatives to address medium to long-term challenges for the sector;
- Leveraging investment in data centres and cloud computing to create distribution and fulfilment opportunities for the digital content industries.

(Irish Film Board)

|        |                                                                                                                                                                                                                                                                                                                                                               |
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| 7.14.2 | <p>Through Culture Ireland, maximise the business opportunities abroad for cultural and artistic businesses and enterprises by promoting Irish artists world-wide and showcasing our strengths in culture and creativity.</p> <p>(Department of Arts, Heritage and the Gaeltacht)</p>                                                                         |
| 7.14.3 | <p>Through Culture Ireland, undertake joint marketing activities with the enterprise development agencies to build 'brand Ireland' in this sector.</p> <p>(Department of Arts, Heritage and the Gaeltacht)</p>                                                                                                                                                |
| 7.14.4 | <p>Leverage the potential for language and roots tourism, working with Tourism Ireland, the National Archives of Ireland, Foras na Gaeilge and relevant partners.</p> <p>(Department of Arts, Heritage and the Gaeltacht, Tourism Ireland, National Archives of Ireland, Foras na Gaeilge and relevant partners)</p>                                          |
| 7.14.5 | <p>Roll-out further cultural digitization initiatives, in partnership with the private sector, in order to leverage our unique cultural offerings and bring them to a wider international audience.</p> <p>(Department of Arts, Heritage and the Gaeltacht)</p>                                                                                               |
| 7.14.6 | <p>Through the Arts Council, support over 50 venues, approximately 200 festivals and 400 arts organisations in 2012, supporting employment in communities across the country, both directly through funding artists and organisations and indirectly in the tourism sector and the wider economy.</p> <p>(Department of Arts, Heritage and the Gaeltacht)</p> |
| 7.14.7 | <p>Ensure continuity in the provision of heritage services nationally through an allocation of €48m for 2012.</p> <p>(Department of Arts, Heritage and the Gaeltacht)</p>                                                                                                                                                                                     |
| 7.14.8 | <p>Invest in quality customer offerings through the National Cultural Institutions and regional cultural bodies and enterprises to enhance our overall tourism offering and to make Ireland a destination of cultural distinction for the cultural tourists globally.</p> <p>(Department of Arts, Heritage and the Gaeltacht)</p>                             |







