Minutes for NCC Meeting 87

Meeting: National Competitiveness Council No 87
Venue: Buswells Hotel, Dublin 2
Date: 8:30 – 10:30, Thursday 15th September 2016

Members Present:

- Prof Peter Clinch, Chair
- Pat Beirne, Chief Executive Officer, Mergon Group
- Kevin Callinan, Deputy General Secretary, IMPACT Trade Union
- Micheál Collins, Senior Research Officer, NERI - Nevin Economic Research Institute
- Cathriona Hallahan, Managing Director, Microsoft Ireland
- Declan Hughes, Assistant Secretary, Department of Jobs, Enterprise and Innovation
- Jane Magnier, Joint Managing Director, Abbey Tours
- Julie Sinnamon, Chief Executive, Enterprise Ireland
- Ian Talbot, Chief Executive, Chambers Ireland
- Jim Woulfe, Chief Executive, Dairygold

Advisors

- John Callinan, Department of the Taoiseach
- Brid Cannon, Department of Agriculture, Food and the Marine
- John McCarthy, Department of Finance
- David Moloney, Department of Public Expenditure and Reform
- Ray O'Leary, Department of Transport, Tourism, and Sport
- Dave Walsh, Department of Housing, Planning and Local Government

Apologies

- Patricia Cronin, Department of Communications, Climate Action and Environment
- Kathleen Gavin, Department of Education and Skills
- Isolde Goggin, Chair, Competition and Consumer Protection Commission
- Danny McCoy, Chief Executive Officer, IBEC
- Conan McKenna, Department of Justice and Equality
- Sean O’Driscoll, Chairman and Chief Executive Officer, Glen Dimplex Group
- Louise Phelan, Vice President of Global Operations, Europe Middle East and Africa, PayPal
- Dave Shanahan, Chief Executive, Adagio Ventures Commercialisation Partners
- Martin Shanahan, Chief Executive, IDA Ireland

Secretariat

- Marie Bourke
- Eoin Cuddihy
- Conor Hand
- John Maher
### 87.1 Introduction of new Members and Advisers

The Chair welcomed the new members to the Council: Pat Beirne, Chief Executive Officer of Mergon Group; Julie Sinnamon, Chief Executive of Enterprise Ireland; Jim Woulfe, Chief Executive of Dairygold; and Cathriona Hallahan, Managing Director of Microsoft Ireland. Dave Walsh (new Advisor from Department of Housing, Planning and Local Government) and Kathleen Gavin (new Advisor from Department of Education and Skills) were welcomed.

**No action**

### 87.2 Minutes

The minutes from meeting 86 were approved.

**No action**

### 87.3 Matters Arising

- Marie Bourke provided a brief update on activities since the last meeting.
- Member’s comments on *Ireland’s Competitiveness Scorecard 2016* were addressed and the report was noted by Cabinet and published on 21 July.
- The Housing Affordability Study was published on 8 July in advance of the launch of *Rebuilding Ireland – Action Plan for Housing and Homelessness*. A Bulletin also accompanied the publication.
- An NCC bulletin on Ireland’s rankings in the World Economic Forum’s *Global Competitiveness Report 2016-17* is due to be published within the coming weeks.

**Publish Bulletin on WEF rankings**

### 87.4 Competitiveness Challenge 2016

- Conor Hand & Eoin Cuddihy presented the draft Challenge document, which had been circulated to Members in advance of the meeting.
- The report builds upon the key issues which emerged from *Ireland’s Competitiveness Scorecard 2016*, and *Costs of Doing Business 2016*.
- Following comments from the members, it was agreed that key themes would be reflected in the report’s preface.
- Other comments to be noted in the revised report included:
  - The opportunities as well as the challenges presented by our environmental commitments
  - The importance of a competitive tax regime for indigenous firms as well as multinationals
  - The need to simplify the tax system.
  - The necessity of increasing capital investment.
  - The importance of highlighting medium term challenges to reflect an evolving economy.
  - The threat posed to competitiveness by housing shortages and escalating prices.
  - That the report acknowledges the recently announced Action Plan for Education.
  - The importance of tackling third level funding as a matter of urgency, noting that Ireland’s third level international rankings are continuing to improve.

**Secretariat to take on board Member’s comments in the final report. The final text of the report will be tabled for approval at the next meeting on 9 November.**

The plan is to publish the Challenge report in December 2016. The exact timing of publication will be determined following Cabinet approval.
The proposed funding model for third level should incorporate increased exchequer funding.

- The importance of the interaction between the taxation and welfare system needs to be highlighted more in the text.
- A recommendation on increased provision of affordable quality childcare & increased State investment is required.

- The Council were invited to forward observations to the secretariat as soon as possible. On foot of final comments from members and the outcomes from a series of meetings with relevant stakeholders, the report will be revised and presented to the Council for sign-off at the November meeting.

### 87.5 Brexit

- Conor Hand made a presentation on the NCC’s work to date on Brexit related issues (e.g. an exchange rate bulletin, and the Scorecard 2016). He also outlined the commentary on Brexit in the Challenge.

- It was noted that a benchmarking report comparing Ireland and UK across 40-50 key indicators would be produced for Q1 2017.

- John Callinan provided an overview of the Government’s response to Brexit and outlined the structures that have been put in place (e.g. a new Cabinet Committee specifically focussing on Brexit has been established and structural changes are being made in both D/Taoiseach and D/FAT to facilitate both the coordination and international aspects of Brexit).

- During a subsequent discussion, it was noted that:
  - D/Finance has commissioned the ESRI to undertake further economic analysis of the economic implications of Brexit. This report will be published alongside Budget 2017.
  - There are opportunities for Ireland from an FDI perspective especially in relation to Financial Services. Conversely, the UK will have more flexibility with regard to State Aid and this poses threats for Ireland and its enterprise base.
  - Currency hedging by domestic exporters is a key tool to mitigate against currency risk.
  - The potential impact of Brexit on tourism - of the 8 million visitors to Ireland in 2015, roughly half were from the UK.
  - A large proportion of exports from Ireland travel through the UK and therefore freight transport will be impacted.

### 87.6 Ireland’s Productivity Performance

- John Maher gave a brief overview of the Council’s on-going examination of Irish productivity levels. The draft report assesses Ireland’s performance vis-à-vis Denmark, Euro area, UK and US and covers the 10 year period to 2014.

- The final Report will be discussed at the Council meeting in November.

NCC to publish a benchmarking report comparing Ireland and UK across key dimensions based on 40-50 key indicators from Ireland’s Competitiveness Scorecard.

Complete the Report and circulate for approval at November meeting
Any Other Business

- The Chair noted that meeting dates for 2017 will be circulated as soon as possible. The next Council meeting is scheduled for 9th November 2016.