

Minutes for NCC Meeting 97

Meeting: National Competitiveness Council No 97
Venue: Alex Hotel, 41-47 Fenian St
Date: 8.30 – 10.30, Thursday 6 June 2019

Members Present:

Prof Peter Clinch, Chair
Pat Beirne, Chief Executive Officer, Mergon Group
Kevin Callinan, Senior General Secretary designate, Fórsa
Micheál Collins, Assistant Professor of Social Policy, University College Dublin
David Hegarty, Assistant Secretary, Department of Business, Enterprise and Innovation
Margot Slattery, Country President, Sodexo Ireland
Ian Talbot, Chief Executive, Chambers Ireland
Patrick Walsh, Managing Director, Dogpatch Labs
Jim Woulfe, Chief Executive, Dairygold Co-operative Society Limited

Advisors

John McCarthy, Department of Finance
Maria Graham, Department of Housing, Planning, Community and Local Government
Oonagh Buckley, Department of Justice and Equality
Ray O'Leary, Department of Transport, Tourism, and Sport

Apologies

Julie Sinnamon, Chief Executive, Enterprise Ireland
Martin Shanahan, Chief Executive, IDA Ireland
Fergal O'Brien, Director of Policy and Chief Economist, Ibec
Sean O'Driscoll, President, Glen Dimplex Group
Isolde Goggin, Chair of the Competition and Consumer Protection Commission
Kathleen Gavin, Department of Education and Skills
David Moloney, Department of Public Expenditure and Reform
John Shaw, Department of the Taoiseach
Sinead McPhilips, Department of Agriculture, Food and the Marine
John Conlon, Department of Employment and Social Affairs
Patricia Cronin, Department of Communications, Climate Action and Environment

Secretariat

Santosh Aryal
Manus O'Donnell
Marie Bourke

<p>97.1 Minutes/matters Arising</p> <p>The minutes from meeting 96 were approved.</p> <p>The Chair provided an update on NCC publications since the last meeting:</p> <ul style="list-style-type: none"> ▪ Ireland’s Cost of Doing Business 2019 was published on 12 April 2019 . ▪ The IMD Competitiveness Ranking Bulletin was issued on 29 May. 	<p>Secretariat will publish minutes on the NCC website.</p>
<p>97.2 NCC updates since the last meeting</p> <ul style="list-style-type: none"> ○ The Chair informed the Council about his appearance before the Oireachtas Select Committee on Budgetary Oversight on May 8 2019 to discuss the Cost of Doing Business Report. ○ Questions from the Committee focused on: public liability insurance; business costs; productivity; export concentration; and, childcare costs. ○ The Chair also informed the Council of his meeting with the Department of the Taoiseach (John Shaw) to discuss the recommendation the format of how the Government would respond to the NCC’s priority recommendations, as per the commitment in Future Jobs Ireland 2019. 	
<p>97.3 Ireland Competitive Scorecard 2019</p> <ul style="list-style-type: none"> ▪ Manus O’Donnell presented on the circulated draft of <i>Ireland’s Competitiveness Scorecard 2019</i> report. The presentation focused on key issues emerging from the analysis as follows: <ul style="list-style-type: none"> ○ Competitiveness performance – improving competitiveness as shown by the improved rankings ○ Quality of life – positive rankings for well-being but Ireland lags behind our competitor countries in terms of environmental performance. ○ Business performance – Ireland’s share of global exports and services has increased but the export base and range of exported goods is concentrated. Irish business continues to face higher interest rates than competitors abroad. ○ Costs and productivity – Ireland’s profile is described as “high cost and rising slowly”. Productivity levels and growth are strong but skewed by globalisation activities. ○ Employment – Headline, and long term unemployment rates have fallen significantly and the labour force participation rate has remained stable in the last 20 years. ○ Infrastructure – Perceptions of infrastructure quality remain low, but with the NDP, public investment in infrastructure is increasing. ○ Knowledge and Talent – The percentage of the population with tertiary education is higher in Ireland compared to the OECD average. In terms of the percentage of the population engaged in 	<p>Secretariat to take Members’ comments onboard.</p> <p>Subject to receipt of outstanding comments from Members and advisors, the Scorecard was approved - final comments to be circulated to the Secretariat by the COB 14th June.</p>

<p>lifelong learning, Ireland has improved significantly since 2013 and is above the EU average, but still remains behind the UK.</p> <ul style="list-style-type: none"> ○ Clusters & Firm sophistication – Perception of firm sophistication is low in Ireland and is below the UK and the euro area average. Regional clustering, though above EU average, remains low as shown by the Regional Ecosystem Scoreboard. ○ Macroeconomy – The current account balance has returned to surplus, however the debt to GDP ratio remains highest among benchmark countries. ○ Top line conclusions - positive economic performance, the headline measures of economic growth, the labour market and public finances continue to improve but a number of short and medium-term threats and a range of external uncertainties and domestic challenges remain. <ul style="list-style-type: none"> ▪ Council Members noted the draft report, discussed the findings and provided comments on the content and key messages, in particular: <ul style="list-style-type: none"> ○ GDP based data may distort measures of Ireland’s competitiveness performance. GNI* should be used where possible (e.g. debt/GNI* ratio). ○ The Council should work towards aligning its work-process with the European semester process and that its main policy recommendation report ‘Ireland’s Competitiveness Challenge’ be published pre-budget. ○ Suggestions were made to emphasise in the Scorecard the adverse impact of talent shortages, housing , costs rises and tax reforms on competitiveness. These should be reflected in the Preface. The preface should also include the Council’s messages through the years in relation to the competitiveness issues facing Ireland. Reflect the international threats facing the country, including Irish exposure due to concentration and Brexit, particularly its regional impact. The preface should set out the issues to be considered in the Challenge report. ○ The shortfall and affordability of residential housing has a negative impact on competitiveness and should be also captured. ○ The narrative of the report should be more on the cautious side in relation to the Ireland’s economic situation. <p>Council members were asked to submit final comments to the Secretariat. Following this, the report will be updated and will be submitted to the Cabinet for noting in advance of publication.</p>	
<p>97.4 Discussion on the Key areas of focus for the NCC Challenge 2019</p> <ul style="list-style-type: none"> ▪ Council members offered the following comments and suggestions: <ul style="list-style-type: none"> ○ focus on the sustainability of the Irish economic model given the complex and highly-globalised nature of the Irish economy – include 	<p>No action</p>

<p>concentration in products, markets and the small number of key companies and changing international economic environment</p> <ul style="list-style-type: none"> ○ address the competitiveness link between talent, housing and wage pressure ○ include an analysis of insurance and the associated cost – market competition in relation to more niche sector (liability insurance) ○ examine challenges in relation to climate change and the lack of progress towards achieving Ireland’s targets, the need for tax reform, competitiveness and infrastructure, education, skills and training and the labour force and increasing export competitiveness ○ focus on the security and supply of energy ○ provide further incentive to enterprise to adopt more climate friendly actions ○ address challenges related to lifelong learning and skills mismatch ○ include the productivity gap and the link to innovation; the need to become an innovation leader and not a follower; support to advanced manufacturing ○ name the weak performing sector in terms of productivity performance ○ highlight the impact of Regional Economic and Spatial Plans under NDP and regional clustering of firms ○ Suggestion was made to highlight the impact of the hidden cost to businesses of accessing the Justice system – not just fees but transaction cost, legal cost, regulatory burdens. An analysis of the different aspects of civil justice outside the cost-enforcement of contract – time taken to enforce contracts ○ Causes for lack of demand for credit by SME’s to be highlighted- bureaucratic delays and legal cost associated with accessing the available supports ○ the lack of adequate civic engagement on the importance of competitiveness issues, e.g. planning; water; bus corridors; housing ○ consider how we balance the investment in infrastructure against the risks of overheating the economy. <p>Main themes emerging from the round table discussion – Labour Participation rate, Cost and Productivity</p>	
<p>97.4 NCC Communications</p> <ul style="list-style-type: none"> ▪ Marie Bourke elaborated on the publicity and media coverage associated with the Cost of Doing Business Report and IMD Bulletin. 	<p>No action</p>

97.5 AOB

- Chair announced that he will take up the role of SFI Chairman and be stepping down from the NCC.
- Next Council meeting: Thursday 17th October 2019