

Minutes for NCC Meeting 85

Meeting: National Competitiveness Council No 85
Venue: Buswells Hotel, Dublin 2
Date: 8:30 – 10.30, Thursday 10th March 2016

Members Present:

- Prof Peter Clinch, Chair
- Kevin Callinan, Deputy General Secretary, IMPACT Trade Union
- Micheál Collins, Senior Research Officer, NERI - Nevin Economic Research Institute
- Isolde Goggin, Chair, Competition and Consumer Protection Commission
- Declan Hughes, Assistant Secretary, Department of Jobs, Enterprise and Innovation
- Jane Magnier, Joint Managing Director, Abbey Tours
- Danny McCoy, Chief Executive Officer, IBEC
- Dave Shanahan, Chief Executive, Adagio Ventures Commercialisation Partners
- Martin Shanahan, Chief Executive, IDA Ireland
- Ian Talbot, Chief Executive, Chambers Ireland

Advisors

- John Callinan, Department of the Taoiseach
- Brid Cannon, Department of Agriculture, Food and the Marine
- Maria Graham, Department of Environment, Community and Local Government
- Katherine Licken, Department of Communications, Energy and Natural Resources
- John McCarthy, Department of Finance
- Deirdre McDonnell, Department of Education and Skills
- Conan McKenna, Department of Justice and Equality
- Ray O'Leary, Department of Transport, Tourism, and Sport

Secretariat

- Marie Bourke
- Eoin Cuddihy
- Conor Hand
- John Maher

Apologies

- Sean O'Driscoll, Chairman and Chief Executive Officer, Glen Dimplex Group
- Louise Phelan, Vice President of Global Operations, Europe Middle East and Africa, PayPal
- David Moloney, Department of Public Expenditure and Reform



<p>85.1 Minutes</p> <p>The minutes from meeting 84 were approved with one amendment. <i>National Planning Roadmap comments to be submitted by Maria Graham</i></p>	Minutes to be amended
<p>85.2 Matters Arising</p> <ul style="list-style-type: none"> ▪ The Chair noted that in accordance with the Council’s Terms of Reference, a number of Council Members had retired since the last meeting. He thanked retiring members; (Liam Casey, John Herlihy, Siobhan Talbot and Heather Reynolds) and paid tribute to these members for their work on the Council. New appointments to the Council will be made by the Minister. ▪ Conor Hand provided an update on activities since the last meeting. <ul style="list-style-type: none"> ○ <i>Ireland’s Competitiveness Challenge 2015</i> was brought by the Chair to the Cabinet Committee on Economic Recovery and Jobs on 7 December 2015. The Report was noted by Cabinet the following day and published thereafter. ○ Priority issues identified by the NCC in its submission to the <i>Action Plan for Jobs 2016</i> (e.g. improving cost competitiveness; improving the ease of doing business; enhancing talent and skills; supporting innovation and productivity; and improving access to finance for enterprise) were reflected in the APJ 2016, published in January 2016. The APJ notes that the NCC’s priority issues for sustainable competitiveness over the short and medium term will be brought to Government. Individual Departments will respond as appropriate to enhance competitiveness. This work will be overseen by the relevant Cabinet Committees. ○ The Council published 2 Competitiveness Bulletins on <i>insurance</i> and <i>legal costs</i> in January 2016 leading to engagement with key stakeholders and media coverage on the issues. ○ A further bulletin on the importance of competitiveness is planned for Q2 2016. The timing and messaging in the Bulletin will be considered to ensure it is impactful – it is important that key competitiveness concerns are reflected in the new government’s agenda. ○ The Council reflected on the importance of ensuring that competitiveness remains a policy priority for the new Government when it is formed. In terms of formal reporting lines, almost all of the Council’s main publications are brought to the Cabinet Committee on Economic Recovery and Jobs (and the associated Senior Officials Group) prior to publication. The two primary annual reports are also noted at Cabinet. This ensures that the messages in the Council’s reports are communicated at an early stage to key decision makers in both Government and the Civil Service. In terms of engagement with the policy making system, it was acknowledged that until a new Government is formed these formal reporting lines will be in stasis. The need to continue to 	



<p>adopt a broad approach to competitiveness will be important.</p> <ul style="list-style-type: none"> ▪ An update was also provided on the NCC Communications and Advocacy. The Chair and Secretariat have been pro-active in communicating the Council's messages and priorities to external audiences. The Secretariat will continue to expand the NCC subscription list and will continue engagement with key stakeholders. ▪ As requested by Members, an NCC Twitter account has been set up and will become active when the Council launches the Costs report. ▪ The Chair provided an update on meeting locations / video conferencing etc. It is proposed not to change the meeting venue at present; however, the Secretariat and Chair will keep the matter under review. 	
<p>85.3 Costs of Doing Business in Ireland Report 2016</p> <ul style="list-style-type: none"> ▪ Eoin Cuddihy made a presentation on the draft costs report, which had been circulated to Members. The report builds upon a series of Costs reports undertaken in recent years, concentrates on costs that are largely domestically determined and focuses on benchmarking. Policy issues will be considered in the 2016 Competitiveness Challenge. ▪ The key messages from the report were summarised as follows: clear cost pressures have emerged in a number of key areas, notably property, utilities and business services. While cost competitiveness has improved, threats are emerging. Increases in labour costs must be based upon productivity improvements. Energy prices and monetary policy effects are having a significant impact on Irish competitiveness performance as measured by the HCI (weak euro currently boosts competitiveness) but Ireland cannot rely on benign exchange rates to maintain cost competitiveness. ▪ Council Members noted the draft report. Following a discussion on the content, tone and key messages arising from the Report, the Secretariat undertook to reflect Member's comments in the final draft, particularly as regards identifying competitiveness threats on the horizon and reflecting the Council's policy recommendations as set out in the 2015 Challenge. ▪ A number of non-cost issues highlighted by Members as priority areas affecting competitiveness performance in relation to infrastructure quality, skills, broadband speed, exports and productivity will be addressed in the Competitiveness Scorecard. ▪ The Council were invited to email to the secretariat final observations as soon as possible. On foot of final comments, the report will be revised prior to publication. The secretariat will explore the possibility of bringing it to Cabinet for discussion. 	<p>Secretariat to take on board Member's comments in the final report.</p> <p>Subject to receipt of final comments from Members and advisors the final text of the report will be approved by email.</p> <p>The report will be published in Q2 2016. The exact timing of publication to be determined.</p>
<p>85.4 NCC Competitiveness Framework Review</p> <ul style="list-style-type: none"> ▪ Dr Christian Ketels of Harvard Business School presented the draft report Review of the NCC's Competitiveness Framework and its findings to the Council in December. 	<p>Report by Dr Ketels to be published on the Council's website.</p>



<ul style="list-style-type: none"> ▪ The final report along with an accompanying response paper by the Secretariat had been circulated to the Council. John Maher made a presentation on the key findings of the report and the Secretariats response. ▪ The review concluded that the NCC takes a broad and pragmatic definition of competitiveness. In its research, analysis and advocacy, the NCC applies a more structured approach, with regular updates on the broad scope of issues related to competitiveness, than many of its peers. In terms of independence, work programme and institutional structure to support strong competitiveness policymaking, the Council demonstrates in its communications and advocacy strategy the majority of effective practices evident from the selected case studies of national productivity and competitiveness institutions. The review finds the NCC’s pyramid framework reflects overall best practice and is consistent with core insights from the relevant academic literature. However, a greater emphasis could be placed on key dimensions of competitiveness such as cluster presence and firm sophistication, institutions and macroeconomic stability. ▪ The Council discussed the key outcomes of the review and welcomed the proposal to modify the existing structure of the pyramid framework to meet the gaps highlighted by the report. It was agreed that subject to data availability the additional focus will be in relation to macroeconomic stability, clusters, firm sophistication and institutional effectiveness. ▪ The Council agreed with the findings from the review that the current approach was in line with theory and practice and there was no compelling need to change the competitiveness definition, mandate and goals. ▪ It was agreed that the Ketels review be published on the Council’s website. In addition, it was agreed that it could be beneficial to seek public views on the Competitiveness Framework in addition to publishing the review. 	<p>The Secretariat to initiate a public consultation on the report and NCC competitiveness framework.</p> <p>The Secretariat and Chair will report on the outcome of the consultation at the next Council meeting.</p>
<p>85.5 Housing Affordability Study</p> <ul style="list-style-type: none"> ▪ Conor Hand provided an overview of the Council’s Housing Affordability Study which is subject to an ongoing tender process. He outlined how a functioning, sustainable housing market is an essential element of a vibrant, competitive economy. The Study fulfils a commitment in the Action Plan for Jobs 2016 that the Council would assess the factors impacting upon housing supply in Ireland from a competitiveness perspective. ▪ Based on consultation with the D/Finance, D/Taoiseach, DECLG, Housing Agency and NESAC, the Council’s initial focus is on affordability. The primary objective of this project is to assess the affordability of residential property & rents in Ireland, and to place Irish affordability levels into an international context. The objective is to develop an affordability metric based on the ratio of prices and/or mortgage repayments to income per person after tax and/or disposable household income. ▪ Conor also presented a framework for considering the various supply & 	<p>Secretariat to proceed with Study as outlined and report back findings to the Council.</p> <p>Secretariat to circulate to members and advisors its supply and demand framework as requested: members and advisors to feedback on the issues outlined.</p>

<p>demand factors affecting the housing market in Ireland. This framework provides the backdrop & context to the Council's affordability work. Further consideration will be given to how best the Council can contribute to policymaking in this space.</p> <ul style="list-style-type: none"> ▪ The Council welcomed the focus of the Study and agreed that it was important to ensure the impact of housing on competitiveness is recognised and addressed. Members also agreed that affordability was a key issue in the overall context of the supply and demand for housing in Ireland ▪ Members asked that the framework be circulated for feedback on the issues outlined. ▪ The Secretariat will update the Council on the Study at the June meeting. 	
<p>85.6 Any Other Business</p> <ul style="list-style-type: none"> ▪ Marie Bourke briefly highlighted the ongoing consideration by the European Commission (and a number of Council configurations such as ECOFIN) regarding the establishment by Euro area members of National Competitiveness Boards. The Secretariat will continue to engage with relevant Government Departments on this issue and keep the Council apprised of key developments. ▪ The next meeting of the Council is scheduled for 2nd June 2016. 	<p>NCC Meetings in 2016:</p> <p>2 June 15 September 1 December</p>