

## MINUTES OF THE ECONOMIC ADVISORY GROUP

### MEMBERS' MEETING

**29 SEPTEMBER 2015, NORTHERN IRELAND SCIENCE PARK**

**Present:** See [Annex A](#)

### WELCOME & APOLOGIES

EAG Chair Ellvena Graham welcomed members to the meeting and noted apologies from Michael Ryan, Bill McGinnis and Gerry Mallon.

### 1. MINUTES OF LAST MEETING / MATTERS ARISING / PROGRESS ON ACTION POINTS

1.1 Members agreed the minutes of the June meeting without amendment. Andrew McCormick provided an update to the Programme for Government (PfG) planning process. Members agreed to defer the agenda items relating to PfG and the NI Government reform agenda until the December meeting (to be held 10<sup>th</sup> December 2015).

**Action 1: Secretariat to invite Joe Reynolds and Colin Sullivan to attend the December meeting**

### 2. ACCESS TO FINANCE

2.1 Shane Murphy sought members' feedback on the re-drafted Access to Finance paper (Paper 2). Members welcomed the re-drafted paper, with the following suggestions:-

- i. Consideration should be given to inclusion of a recommendation in Chapter 3 (Bank Finance) around the need to re-run the survey on a regular (2-3 yearly) basis, with members routinely reviewing. Shane Murphy advised that updates could be carried out by either DETI or DFP.
- ii. Members discussed the need for SMEs to address underlying issues and their relationships with banks in a timely manner as it would be too late to address these issues in the midst of a future crunch.
- iii. There may be an opportunity to reference (perhaps in the form of research note) any issues around 'types of business' export behaviour. Neil Gibson undertook to liaise with Shane Murphy on this point.

**Action 2: Shane Murphy to address members' suggestions and move to sign-off the report.**

**Action 3: Neil Gibson to liaise with Shane Murphy in relation to point 2.iii.**

### **3. COST OF DOING BUSINESS**

- 3.1 Shane Murphy drew members' attention to the copy of the final DETI report underlining its relevance to the Competitiveness Study. A final version with an executive summary/cover note contextualising the report in relation to the work which EAG has undertaken in competitiveness will issue to members (for information only) in due course.

**Action 4: Final version of Cost of Doing Business report to publish with link to members for information.**

### **4. COMPETITIVENESS STUDY**

Richard Johnston and Laura Heery, UUEPC joined the meeting.

- 4.1 Richard Johnston presented an overview of the draft report focussing on the analysis/consultative process undertaken by UUEPC. Members discussed key elements of the study, including:-

- Publication preferences
- Policy recommendations
- Sectoral analysis
- Structural issues
- Availability of data beyond 2012 (e.g. BRES/ABI)
- Use of 'best in class' comparative benchmarks

- 4.2 Members agreed the need to focus on where Northern Ireland is weakest and areas within EAG's control, where policy intervention might make an impact. One example discussed in detail was that of education - particularly the link back to youth unemployment and labour supply - and the need to reflect concerns around performance in early secondary education, where the evidence conflicts with the widely held belief that Northern Ireland scores consistently highly on education.

**Action 5: Proposed that DETI shares this initial report, which provides a broad indication of the state of the region across all government departments, for a 6-8 week consultation period.**

**Action 6: DETI Permanent Secretary to present to PSG, with DETI retaining ownership.**

**Action 7: In parallel some of the information in the report to be distilled into clusters of indicators with one summary text per cluster.**

**Action 8: EAG to develop narrative for Ministerial guidance, identifying key clusters, leading into policy recommendations.**

In order to maintain the momentum of this work, it was suggested that the research could be updated on a bi-annual basis with a more detailed piece of work produced in the intervening years.

## **5. EXPORT MATTERS**

5.1 Diarmuid McLean provided some background to the Export Matters paper, particularly around its alignment with PfG priorities and key consultation undertaken by DETI in the development of the paper; and the need for simple export strategy messages delivered in tandem with the economic and innovation strategies already in place.

5.2 Discussion by members focused on:-

### **Targets:**

- Members sought clarification around how these targets were arrived at and discussed the ambition of the targets. Many members felt that targets weren't sufficiently challenging.
- Discussion also focussed on impact of a lower Corporation Tax rate and whether the FDI ambition that goes with that will drive export ambition adequately.
- The need to manage tension between wanting to set sufficiently ambitious targets and avoiding negative press should those targets not be met was stressed.
- The use of a target range was suggested as a helpful accommodation of any tensions around a single target.
- It was also suggested that the number of firms exporting/number of units exported should be measured. Members agreed it was imperative that value added export was measured rather than simply setting a nominal price target in order to avoid any risk of incentivising support to chase low value-add targets.

### **Data:**

- Manufacturing imports and access to firm level survey linked to trade data, by product and area would be helpful to look at value-added and measure the dynamic in terms of new products and in-roads to new markets – versus - increasing volume of existing products into existing markets. Analysis of this data might also provide a very useful indication of levels of innovation.
- Value in exploring the dynamic between the export experience of a firm and the innovative capacity of the firm e.g. by use of BERD data, and identifying the link between non-export intervention (e.g. innovation support) which may be leading this.

- Members pointed to measures highlighted within the export pathway and the need for more granular measurement of activity to avoid unhelpful behaviour fixated on targets, driven by top 10 companies exporting within a sector.

5.3 Diarmuid McLean advised that a suite of indicators below the macro target such as export intensity and extensive margins would measure progress, which members welcomed, although they noted that there was a need to reference this more explicitly in the document.

5.4 In summary, members agreed the need to articulate export ambition in order to set policy expectations accurately should be balanced against the need to avoid unhelpful press commentary if targets were not achieved.

5.5 Diarmuid McLean thanked members for the opportunity to discuss the draft DETI paper and for their feedback.

**Action 9: UUEPC to share some of their analysis around export detail internally with the group.**

**Action 10: Diarmuid McLean to take onboard views of EAG in refining the document before final approval by the Minister**

## **6. ANY OTHER BUSINESS**

6.1 Chair provided an update of appointments arising in coming period, including ETI Committee and Sub-committee on Economy on 10 and 17 November respectively. Chair thanked all members for their time and commitment to meeting with her during the summer 2015 and also the DETI Permanent Secretary for his time and support.

6.2 Chair advised members that the process to appoint Ms Bridget Rosewell to the group was currently in hand.

**Action 11: Secretariat to circulate link to Ms Rosewell's online biography to all members.**

**Action 12: Secretariat to re-circulate dates for 2016 meetings and updated contact and declaration of interest forms to members.**

Date of Next Meeting: Thursday 10 December, 8:30am, Netherleigh

Diary note: Minister to host dinner with Members, Wednesday 09 December, 7:15pm, Deanes at Queen's

## **ANNEX A**

### **EAG MEMBERS' MEETING – 29 September 2015**

#### **ATTENDEES**

Mark Nodder (Deputy Chair)	Wrightbus
Neil Gibson	Ulster University Economic Policy Centre
Bryan Keating	MATRIX
Mark Ennis	Invest NI
Frances Ruane	Economic and Social Research Institute
Ellvena Graham (Chair)	EAG Chair
Patricia O'Hagan	Core Systems
Andrew McCormick	DETI
Shane Murphy	DETI
Diarmuid McLean	DETI
Gillian Gregg	DETI
Vicky Newman	DETI
Richard Johnston	Ulster University Economic Policy Centre
Laura Heery	Ulster University Economic Policy Centre

## ANNEX B

### ACTION POINTS AGREED AT SEPTEMBER 2015 EAG MEMBERS' MEETING

NO	ISSUE	ACTIONS ARISING	LEAD RESPONSIBILITY	UPDATE
1	Programme for Government	DETI to invite Joe Reynolds and Colin Sullivan to attend the December meeting	EAG Secretariat	Attendance of both Officials confirmed at 05/10/15.
2	Access to Finance	Shane Murphy to address members' suggestions and move to sign-off the report.	Shane Murphy	Report updated and published on EAG website 28 Oct 2015. <a href="#">EAG Access to Finance Update - Sep 2015</a>
3	Access to Finance	Neil Gibson to liaise with Shane Murphy to extend analysis on business sector and business export behaviour.	Shane Murphy/Neil Gibson	
4	Cost of Doing Business	Final version of Cost of Doing Business report to publish with link to members for information.	Shane Murphy	Published 06 October 2015. <a href="#">Cost of Doing Business - 2015</a>
5	Competitiveness Study	DETI to share the initial report, which provides a broad indication of the state of the region across all government departments, for a 6-8	DETI	Report circulated to all PSG members inviting

NO	ISSUE	ACTIONS ARISING	LEAD RESPONSIBILITY	UPDATE
		week consultation.		feedback in advance of issue at departmental level. Consultation to close w/e 22 Jan 2016.
6	Competitiveness Study	DETI Permanent Secretary to share with PSG, with DETI retaining ownership.	DETI	Completed 20 November 2015.
7	Competitiveness Study	In parallel, some of the information in the report to be distilled into clusters of indicators plus one summary text per cluster.	UUEPC/Secretariat	Sample format available for review at next meeting.
8	Competitiveness Study	EAG to develop narrative for Ministerial guidance, identifying key clusters, leading into policy recommendations.	EAG	
9	Export Matters	Neil Gibson to share some of UUEPC's analysis around export detail internally with the group.	Neil Gibson	
10	Export Matters	Diarmuid McLean to feed back members' comments to DETI export policy lead.	Diarmuid McLean	Completed 20/09/15.
11	AOB	Secretariat to circulate link to Ms Rosewell's online biography to all members.	EAG Secretariat	Circulated 29/09/15.
12	AOB	Secretariat to re-circulate dates for 2016 meetings and updated contact forms to members at an early opportunity.	EAG Secretariat	Circulated with minutes 16/11/15.