

# **“Dublin’s Role in the Irish and Global Economy, 2012” (*Dublin’s Role*)**

## **Report 3 (Working Paper)**

### **“Opinion and Evidence”**

Prepared for Dublin Regional Authority

**Walter Foley, Brendan Williams, Jamie Cudden, Harut Shahumyan**

School of Geography, Planning and Environmental Policy

University College Dublin

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# 1 Introduction

“There are four mega-trends that are marking our modern society. The first two are omnipresent ...globalisation and information and communication technology. The latter is often referred to as one of the main driving forces of the new economy. Third is climate change...and finally, the trend less spoken about but most profound in its impact on the way we live: urbanisation and the growth of cities” (Dr Joan Clos Executive Director UN-HABITAT)

The central focus of this study is to outline Dublin’s role in both the national and global economies. This report (Report 3) sets out to achieve this through both the examination of quantitative data (taken from Reports 1 and 2 and newly sourced and generated material) and appraisal of key stakeholder opinion. This report examines the benefits of a strong Dublin region<sup>1</sup> in the national and global context. The argument is developed that Dublin as Ireland’s capital city region with almost 30 per cent of national population and 40 per cent of economic output is central to Ireland’s past and continued success. To continue this contribution investment in Dublin should be prioritised as it is a magnet for talent attraction, houses sufficient levels of infrastructure and skills to fulfil a global city role and it is the location in which Multinational Enterprises (MNE’s) wish to locate. This is especially evident in the high-tech and high-skill areas where access to innovation clusters, universities and a large mixed-skill workforce is considered vital for operations.

Key datasets from existing sources have been used to outline functional economic areas and areas of best opportunity for enterprise growth in Ireland (see Reports 1 and 2). This report will reference these results and compare such evidence with opinions of key economic and policy stakeholders.

In order to gather opinion on *Dublin’s Role in the National and Global Economy 2012 (Dublin’s Role)* 35 key stakeholders from state and semi-state agencies, local authorities, Multi-National Enterprises, business groups and other organisations were interviewed and asked to relay their opinion on the opportunities and threats which the Dublin city region currently faces. Interviews of key policy makers and decision influencers were carried out so as to examine and compare perceptions with the evidence base.

Interviewees were selected in consultation with members of the project steering group to cover a cross section from private and public sectors and key regional policy makers. Interviewees were asked a series of questions ranging from economic development and planning issues, governance and leadership structures in Ireland and Dublin to the importance of both the multi-national and indigenous enterprise bases. Also examined were interviewees opinions on Dublin’s current relationship with the “rest of the country” and its importance to the country as its key economic region and flagship international city.

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<sup>1</sup> Unless otherwise stated the Dublin region is taken to include the four local authority areas of the Dublin region, namely, Dublin City Council, Dún Laoghaire-Rathdown County Council, South Dublin County Council and Fingal County Council.

Moreover, interviewees were asked to outline principle initiatives which will make Dublin more competitive and help set and steer the country along a pathway of sustainable economic recovery. Responses were varied and very informative. The salient points are referenced throughout the document.

The interviews were completed between March and July 2012. (Appendix 1 contains the list of interviewees). Interviews were also carried out with a number of selected individuals from outside the region so as to preserve an element of balance in terms of perception of the role of the Dublin city region. The *Dublin's Role* steering group advised in the identification of the interviewees. In total 35 interviews were carried out. The interview process for interviewee selection and questions are described in Appendix 2.

The responses to interview questions have been categorised under the themes outlined in Table 1.1. These themes were used to identify the main topics for Section 3 *Key areas of consideration*.

Main Issues Arising from Stakeholder Interview					
Strengths & Opportunities in the region	Weaknesses & Challenges in the region	Transport Infrastructure	Digital Infrastructure	Ideas/ Initiatives proposed by interviewees	
Planning	Dublin's Global Role	The role of the city centre	Dublin's National Role	Education and Employment, Talent Attraction, Skills	
Local Government and Governance Issues	Branding, Identity and Events	The role of collaboration	Tourism	Enterprise activity	
FDI	Economic Corridors	Smart Cities			

**Table 1.1: Categorisation of Responses**

## 1.1 Overall Objective

This report sets out to clearly outline Dublin's role in the national economy through query and analysis of quantitative information and data pertaining to the economic performance and the future of the Dublin city region. In carrying out this research the study team were aware that the Dublin Regional Authority had the objective that the evolving role of Dublin was to be complementary to rather than in competition with the economic interest of the rest of State. Dublin's role in re-growing the national economy can be underpinned by an examination of its performance and place in a global context. This report examines the role of Dublin as Ireland's flagship city in an ever-urbanising world and explores the need to maintain and enhance Dublin's international status. In this regard it will examine the need to maintain appropriate levels of investment in Dublin where there are desirable concentrations of talent, supporting infrastructure and services.

## 1.2 The role of cities in economic development

“Successful cities attract talented young highly-skilled workers, are centres of innovation and entrepreneurship and are competitive locations for global and regional headquarters. The proximity of universities to research and production facilities means cities are where new products are developed and commercialised.” (OECD, 2006)<sup>2</sup>

This section provides a targeted literature review of the continuing importance of cities and the benefits and challenges brought about by agglomeration effects. In this regard it will be argued that both targeted investment and the application of appropriate planning and development strategies is now more important to securing a sustainable future for the Irish economy, its society and its citizens than at any time since the foundation of the State. The management of population growth and the distribution of settlement patterns as brought about by human decision-making in the context of environment, culture and demography is one element in securing a sustainable future.<sup>3</sup> The other is maximising return for investment in a climate of scarce resources and fiscal austerity. In this regard one challenge associated with concentrating resources will be to ensure that there is an equitable distribution of employment within reasonable and sustainable commuting catchments.

“Although Dublin accounts for almost half of national GDP, we should not be complacent about its position as an internationally competitive location. Its continued success is critical for the performance of the entire economy” (National Competitiveness Council, 2009).

Cities as centres for employment, education, culture, commerce and a suite of other activities are inextricably linked to the process of globalisation of economic activities. This latter process has been accelerating in recent years by increasingly interactive and immediate transfer of knowledge and ideas. It is perhaps this factor which means that cities more than ever are the main nodal points within a global network of commerce and trade. While cities can suffer from some diseconomies of scale such as congestion and more elevated levels of pollution they will tend to provide optimum locations for inter-firm activity, the (transnational) transfer of ideas and knowledge especially in significant value-added service sectors such as professional, scientific and financial services and ICT (Quigley, 2009).

“Urbanisation and growth go together....urbanisation sustains growth ...and it yields other benefits as well” (Annez & Buckley, 2009)<sup>4</sup>

Another aspect is the consideration of the value of urban areas within the State in terms of the cost-benefit of service provision and their importance on a global stage. In this regard the city-State concept is a highly divisive issue. UN HABITAT speak of the emergence of world cities as hubs of ICT, finance and transport, driven by urbanisation pressures and competing in a borderless global domain<sup>5</sup> while Peirce

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<sup>2</sup> OECD (2006) *Competitive Cities in the Global Economy*

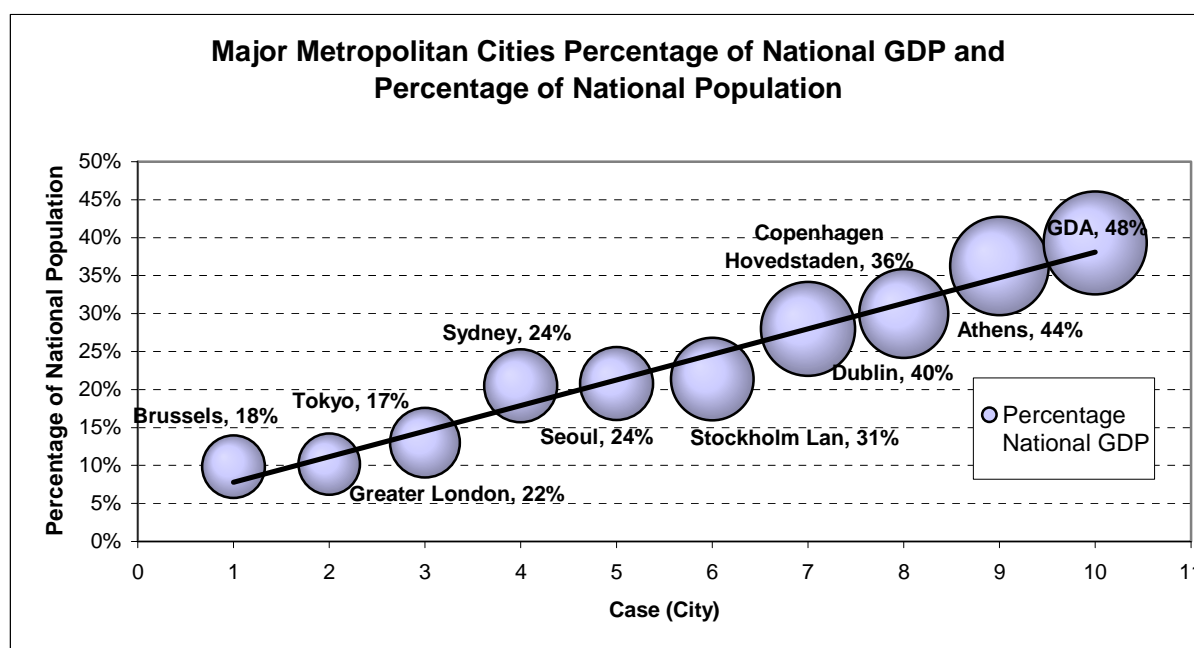
<sup>3</sup> (Glasscock, 2000, pxi)

<sup>4</sup> Annez P. C. & Buckley R.M. (2009) *Urbanisation and Growth: Setting the Context*. In: *Urbanisation and Growth* (Eds: Spence, M., Annez P. C. & Buckley R.M), The World Bank, Washington

<sup>5</sup> UN Habitat (2007) *State of the World's Cities*, Nairobi, Kenya.

(1993)<sup>6</sup> explored the need for the formation of “citistates” in the U.S. formed of a city core and functional hinterland area (the “real city”) which would have a critical mass which would allow them to compete globally. Hughes (2010) indicates that there is a high degree of correlation between urbanisation and GDP output and with Ireland continuing along a more complete transition to a service led economy with enhancement of wealth creation through the urban sphere this correlation will strengthen with Dublin at the epicentre of this national process.

The extent of the primacy of Dublin is borne out by the statistics shown in Figure 1.1 and Table 1.2 which compare Dublin and the Greater Dublin Area (GDA)<sup>7</sup> to a selection of OECD metropolitan regions. These data are taken from OECD Stat Extracts available from the OECD website and are valid for 2009<sup>8</sup>. It is not surprising that as the percentage of the city region proportion of national population increases the percentage of national GDP also goes up. Dublin is not unique in terms of its dominance in terms of medium sized western European economies; the Randstad, Netherlands, Copenhagen, Stockholm and Athens, as examples, also have a high degree of influence on their national GDPs: the pattern of increased contribution to national GDP seen for Dublin or the Greater Dublin Area is reproduced in other global metro’s (see examples in the graph Figure 1.1). Mega cities (such as London and Tokyo) which are located in countries with larger economies are included to provide a contrast to these primate city regions.



**Figure 1.1: OECD Stat Extract with the stat bubbles showing the extent of city region contribution to total national GDP for 2009 (OECD, 2012)**

<sup>6</sup> Peirce, N.R. (1993) Citistates – How Urban America can Prosper in a Competitive World, Seven Locks Press, California

<sup>7</sup> The GDA consists of the four Dublin Local Authorities and the Local Authorities of the Mid East region, namely Wicklow, Meath and Kildare County Councils

<sup>8</sup> <http://stats.oecd.org/Index.aspx?datasetcode=METRO>



Country	City	Per cent National Population	Per cent National GDP	Population	GDP/POP Ratio
Japan	Tokyo	10%	17%	13.2m	1.7
UK	Greater London	13%	22%	7.8m	1.7
Korea	Seoul	21%	24%	10.1m	1.2
Australia	Sydney	21%	24%	4.3m	1.2
Belgium	Brussels	10%	18%	1.1m	1.8
Sweden	Stockholm Lan	21%	31%	2m	1.4
Ireland	Dublin	28%	40%	0.5m	1.4
Greece	Athens	36%	44%	4.1m	1.2
Denmark	Capital City Region Copenhagen	30%	36%	1.7m	1.2

**Table 1.2: OECD Stat Extract showing the extent of city region contribution to total national GDP for 2009 (OECD, 2012)**

### 1.2.1 Agglomeration and Economic Development

The National Competitiveness Council (NCC, 2009) cites the importance of cities as drivers of national economic competitiveness. In this report the NCC explored the importance of cities achieving their full potential and the need to enhance, in particular, the competitive advantages of Dublin. Major urban centres, it was argued, are the drivers of national prosperity. The argument does not concern the redistribution of resources between the major urban centres and the rest of the country but rather best return for investment. The NCC report furthermore indicates the importance of being a well connected city both in national and international contexts.

Major urban areas tend to offer a wide range of infrastructure support to businesses, including transport (roads, rail, airports, and ports), telecommunications, educational institutions and ancillary services with incoming enterprises recognising the economic benefits and risk minimisation offered of locations within urban areas and accordingly locating adjacent to these (Williams et al, 2010)<sup>9</sup>. In making the assumption that the Dublin region is comparable to other city region's in terms of the application of economic theory, growth in Ireland is likely to follow the same underlying principles as elsewhere in that it will be predominantly urban. This ongoing and sometimes rapid urbanisation trend within a borderless world economy implies an increasing importance of cities as basic units of national and international trade (Fujita et al., 1999).

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<sup>9</sup> Williams B., Walsh C., & Boyle, I., (2010) The Development of the Functional Urban Region of Dublin: Implications for Regional Development Markets and Planning. In: Working Paper, School of Geography, Planning and Environmental Policy, University College Dublin.

“...in future the arenas in which companies will compete may be cities rather than countries” (The Economist, 1995).

This future referred to by *The Economist* in 1995 is evolving and in terms of the benefits of creating a stronger city region this report will examine the critical mass and key advantages of Dublin in terms of skills production, economic output, infrastructure and services. One indicator of the potential competitive advantage of Dublin is the level of Foreign Direct Investment (FDI), on which the economy is so dependent. This study will also investigate the multi-functionality of the Dublin region in terms of its sectoral diversity of business and talent. Evidence will be queried to see if supporting a stronger Dublin region in the global context equates to creating a more resilient and economically prosperous State.

The rationale for this work is based on the significant body of evidence on the growing importance of cities as economic drivers. Cities are responsible for generating more than 80 per cent of global GDP<sup>10</sup> yet they occupy just 2 per cent of the world's land surface<sup>11</sup>. In fact it is estimated that around 66 per cent of global economic activity and about 85 per cent of technological and scientific innovation can be attributed to 40 urban mega regions (UN HABITATS, 2012). As the population of the world increases further urbanization will be induced and the pre-eminence of cities enhanced (Duranton, 2009).

“Cities are the nexus of global financial markets, information societies, innovation and creativity.” (UN-HABITATS, 2012)

The role of cities also varies in significance from region to region. For example there are a numerous aforementioned examples of cities such as Budapest, Seoul, Copenhagen, Dublin, Helsinki, Oslo, London, Stockholm and Randstad-Holland that concentrate 20-50 per cent of their national GDP<sup>12</sup>. Cities are also significant in terms of job creation, education, health care and employment - almost 50 per cent of the jobs in many nations are found in their largest city<sup>13</sup>. In addition, most metro-regions have a higher GDP per capita than their national average, a higher labour productivity level, and many of them tend to have faster growth rates than the national average for their countries<sup>14</sup>.

## City regions and economic function

“The clustering of firms and individuals fosters economic activity (Lindsay et al, 1994)<sup>15</sup>”

Business and people choose to locate in cities for a wealth of reasons. Variety in consumption, productivity gains and cost reductions (for example, transport costs) are elements of internal scale economies that make city living and business attractive

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<sup>10</sup> McKinsey (2011) “Mapping the economic power of Cities”

<sup>11</sup> [http://www.un.org/News/briefings/docs/2010/100325\\_DESA.doc.htm](http://www.un.org/News/briefings/docs/2010/100325_DESA.doc.htm)

<sup>12</sup> OECD (2006), *Competitive Cities in the Global Economy*.

<sup>13</sup> Ibid

<sup>14</sup> Ibid.

<sup>15</sup> Lindsey, J. H., Pratt, J.W. & Zeckhauser, R.J. (1994) *Equilibrium with Agglomeration Economies*. In: *Regional Science and Urban Economics*. Vol 25, p249-260.

(Quigley, 2009). However, it has been argued that the importance of city forms and networks to the modern economy is now less focused on internal scale economies. Instead, there is an emphasis on external effects and spillovers (Henderson, 2005). These external effects can be characterized as a productivity gains (and cost reductions) arising from specialisation effects (defined as intermediate firm formation and complementary specialised services); complementarities in production (better matches between workers' skills and job requirements or between intermediate goods and final outputs); knowledge transfer; and proximity to other economic actors. In addition, a larger stock of human capital can yield a greater physical capital, that is, further investment. It is argued that knowledge spillover and sharing happens mainly at the level of the city (Henderson, 2005). While this spillover is generally confined within any given city region, nonetheless the opportunities arising from knowledge spillover are open to anyone who can reasonably choose to avail of them. As knowledge spillovers are generally limited spatially they tend to create or reinforce the agglomeration economy. While there is equally no reason why spillovers of knowledge stop just because of borders, as Glaeser *et al.* (1992) points out "intellectual breakthroughs cross hallways more easily than oceans"

As globalization is shifting the comparative advantage in the OECD countries away from being based on traditional inputs of production toward knowledge outputs it is important that enabling policy is put in place to maximize (Dublin's) comparative advantages and critical mass of knowledge capacity - high skilled professionals , universities and institutes and industry supported research (Audretsch & Thurik, 2005)<sup>16</sup>.

"Cities benefit from advantages such as a more diversified economic base with higher specialization in productive activities, a strong innovative capacity (more than 81 per cent of OECD patents are filed by applicants located in urban regions), and a higher level of skills" (OECD, 2006)<sup>17</sup>

It is these advantages which facilitate clustering. Economic clustering represents a synergy not only between companies but between government, education and other supporting organisations vital to a regions success (Audtetsch & Lehmann, 2005). Clustering in turn allows services (childcare, transportation and so forth) to be directed towards and shared amongst larger groups. The end result is greater competitive advantage and wealth creation. The literature broadly suggests clustering policy realises efficiency and productivity and as such it is a worthwhile pursuit (Porter, 1998; Krugman, 1991, 1995; Glaeser 2011)

The role of local government in supporting cluster type development was explored in the UK in a recent report by The Chartered Institute of Public Finance and Accountancy and the Public Management and Policy Association (CIPFA, 2012) titled *Public Service Reform in the UK: revolutionary or evolutionary* in which it was stated that "a clever local authority with a specific strategy and clear aims, can help to shape its own local cluster effects." It will achieve this by facilitating an environment where similar business and support businesses are mutually attracted to their area.

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<sup>16</sup> Audretsch, D.B. & Thurik, P. (2001). What is new about the new economy: sources of growth in the managed and entrepreneurial economies. In: *Industrial and Corporate Change* Vol 19, p791-821.

<sup>17</sup> OECD, 2006. Competitive Cities in the Global Economy, OECD.

“The literature of competitive strategy in business would suggest that a significant and resilient advantage can come from creating ‘cluster effects’ (CIPFA, 2012)

Modern clustering has been defined as value-creating geographical concentrations of competing and collaborating interconnected companies, specialized suppliers, service providers, associated institutions (universities, agencies) in relative proximity (Porter, 1998). Over the past decade the ‘cluster model’ has been seized on as a tool for promoting competitiveness, innovation and growth at local, regional and national scales (Asheim et al., 2006). While the application of the model may have been overstated and evidence points to clusters becoming rigid and stale over time the literature suggests that they do facilitate the transfer of knowledge and ideas and some economic benefits. In thinking of city regions and economic development it is useful to consider the cluster concept not just in terms of localization of industry but in terms of concentration of people, ideas and knowledge.

The accelerating movement towards a globalised, information-technology driven economy is seen by many to have reduced the significance of industrial localization, that is, spatial proximity for business performance. However, while higher returns from urban technologies facilitate further urbanization and agglomeration (Duranton, 2009) a new localization factor has emerged based on the resurgence of cities and their regions as the contemporary “go to” places of economic development and governance (Asheim et al., 2006).

The driving factors for this new form of localization might include concentrations of talent and specialized skills, the availability of institutions of research, knowledge transfer opportunities, rivalry and the age-old advantage of being located close to related businesses. While understanding the magnitude of affect of external economies, whether they are local, national or international, related to space and/or time, or market size affected, is complicated (Kruger, 1995), the benefits of higher levels of innovation and productivity are implicit. Ideas and creativity become the source of further innovation (Marshall, 1930). Modern clusters offer new ways to think about economic development and are prominent features in advanced economies globally. This pre-eminence of clustering across the global level has been referred to as the “global mosaic of regional economies” (Scott 1998).

A further clustering effect of culture and diversity is a softer consideration which has gained momentum in recent years and has been championed prominently by Florida (2002).<sup>18</sup> The argument is put forth that attitudes of diversity and tolerance attract creative workers which in turn builds more diversity and creates more jobs. It has been shown for the U.S that in cities with greater cultural diversity and richer linguistic diversity that productivity and wages were higher (Ottaviano & Peri, 2005).

The Dublin city region arguably has the necessary concentration of firms (as evidenced in Report 2) in order for knowledge and ideas to diffuse their way into and exchange their way across daily business functioning. *The Case for Agglomeration Economies in Europe (CAEE)*<sup>19</sup> examined the Dublin city region in this regard. It considered the growing differences in the economic importance of urban areas and the

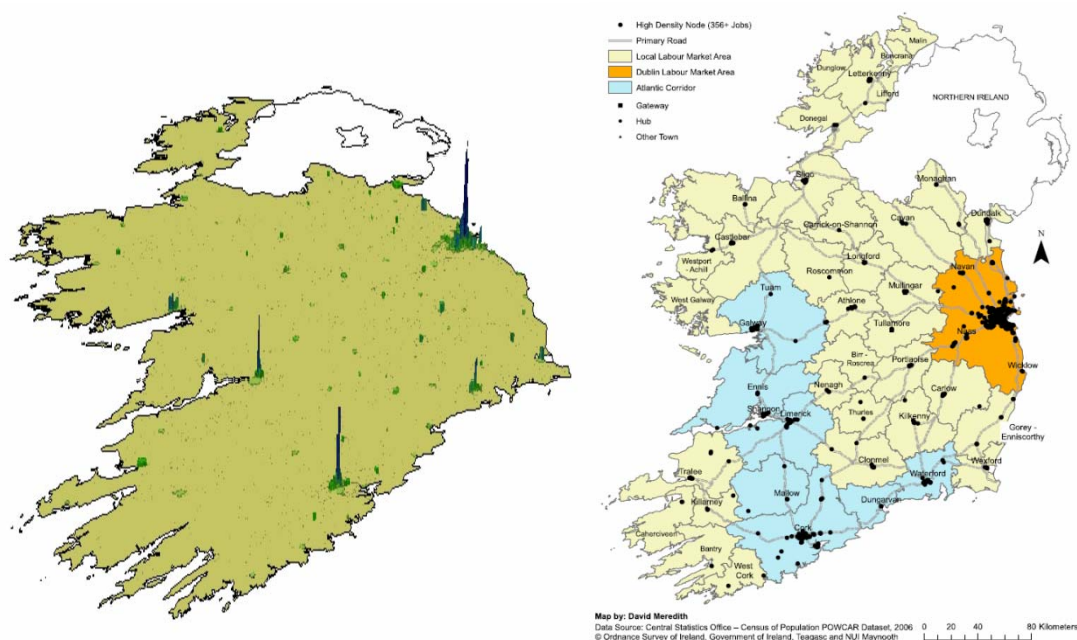
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<sup>18</sup> Florida, R. (2002) *The Rise of the Creative Class*, Basic Books, New York

<sup>19</sup> The National University of Ireland Maynooth (NUIM) examined agglomeration economies in the Dublin Region as part of this project.

importance of governance arrangements in maximising functional economic areas. The study found that urbanisation economies, that is, economies resulting from being located within an industrial core urban region rather than localisation economies which are related to industry clustering by sector (industry size) have become more important in recent decades (ESPON, 2009, p5). It also found a positive relationship between employment density and labour productivity. See Appendix 1 for a brief addendum on urbanisation and the growth of the services sector.

Urbanisation and economic development are intimately related and higher employment densities have been repeatedly shown to increase productivity (Ciccone, 1996, 2002). Ciccone (2002) found that a doubling of employment density in Europe<sup>20</sup> causes labour productivity to increase by as much as 5 per cent. Across Ireland both Morgenroth (2011) and Meredith (2012) both examined the concentration of jobs in a few key centres (see Figure 1.2). Almost 40 per cent of all jobs in 2006 were concentrated in high density nodes (just 1.23 per cent of the total area analysed) (Meredith, 2012). Furthermore, Morgenroth (2011) showed that just 37 electoral districts (ED's) in Ireland had a jobs density in excess of 5700 jobs per sq km. Cities of medium size over this density threshold tend to be more competitive with a positive correlation between innovation capacity and employment (Morgenroth, 2011). Indeed, *Hot Spots: The Global Cities Competitiveness Index* (EIU, 2012) which was based on a series of quantitative and qualitative indicators found that density is a key competitiveness factor. While there is no correlation between size and competitiveness they found that urban density is clearly linked to levels of competitiveness.<sup>21</sup>



**Figure 1.2: Job Density in Ireland based on 2006 Census data (Morgenroth, 2011) & (Meredith 2012)**

<sup>20</sup> Ciccone (2002) examined the five largest European economies, Germany, France, U.K. Italy and Spain.

<sup>21</sup> EIU, 2012. *Hot Spots: The Global Competitiveness Index*, Economic Intelligence Unit

These updated data were not yet currently available from the 2011 (as of October 2012) census as place of work ED has not been released at the time of writing. A table showing numbers of persons at work by ED of residence is included in Appendix 3.

### **1.2.1.1 Infrastructure and effective management reduce limitations**

“...cities are not always synonymous with success. Cities can falter. Berlin, Fukuoka, Lille, Naples, and Pittsburgh perform below the national average for income, productivity, skills, and employment. And there is some evidence that mega-size cities – those more than 7 million people such as Seoul, Mexico City, Istanbul and Tokyo – have outgrown the economies of scale normally associated with cities.” (OECD, 2006)

Land and transport costs are two key challenges within the urbanisation process. While Dublin has developed an obvious sprawl pattern which will be difficult to retrofit and experienced severe land, office and house price increases during the “Celtic Tiger” era it also has seen a return to cost competitiveness since 2007. Improvements in transport infrastructure are considered necessary to preserve the viability and integrity of the city region. Similarly, efficiency gains in production (related to employment densities) in the city should match the increased wage payments required to maintain the attractiveness and value of the city as a place to work and do business in. In terms of attracting FDI and talent, softer factors such as quality of place and lifestyle can often differentiate choice (Murphy & Redmond, 2010).

Congestion, air pollution and noise while not necessarily priced nonetheless represent diseconomies of scale. Resource scarcity is a major limiting factor for example the supply of water in the Dublin region<sup>22</sup>. Further, in-migration to the Dublin region and natural increase will invariably increase demand for resources including notably water services amongst other utilities. While regulatory instruments such as metering of the domestic sector will be enforced to conserve water at residential level, demand for water by industry users who already pay commercial rates must also be satisfied<sup>23</sup>. Investment in the development of a water secure city region has potential to give Dublin significant global competitive advantage. By comparison water scarcity is one of the most serious challenges facing a rapidly urbanising China (Wu & Tan, 2012). The levels of urbanization found there have brought about increasing growth of urban water use leading to supply and demand tensions.

A perceived urban bias in national policy making also has the potential to affect the extent and type of growth and it is herein that the kernel of the continuous “Dublin versus the rest of State” question is found. Cities require considerable infrastructure investments in order to maintain their function and competitiveness. These investments affect urban quality of life, in particular health and safety and commuting

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<sup>22</sup><http://www.watersupplyproject-dublinregion.ie/index.php?page=shannon-options-under-consideration>

<sup>23</sup> “Irish Water” will be established to oversee the delivery of water services in Ireland will be an independent, State-owned subsidiary of Bord Gáis Eireann, Department of environment Community and local government, April 2012, Press Release)

and congestion costs (Henderson 2005). At the same time, cities in an ever urbanising global socio-economic realm require scale in order to be globally competitive and investment and management capability are central elements in reducing limiting factors.

“...a positive correlation between metro-regions’ size and income (was found), especially when they concentrate over 20% of national GDP but this correlation becomes negative at around 6-7 million, suggesting diseconomies of agglomeration due to congestion and other related costs.” (OECD, 2007)

Interviews with key stakeholders across the city region showed the depth of sentiment in terms of the need to invest appropriately in Dublin to secure its future and the future of the State (see Section 2.2).

### 1.2.2 An Urbanising World: Evidence and Metrics

There is a significant body of evidence on the growing importance of cities. Some observers have gone so far as to describe the 21<sup>st</sup> Century as the century of the city.<sup>24</sup> Since 2008 for the first time in human history over half the world's population live in cities<sup>25</sup>. Cities by default are centres of innovation and trade directly competing and cooperating within a global system which now operates free from the shackles of national boundaries. A report in 2011 by the McKinsey & Co. Global Institute showed that the top 600 cities in the world accounted for 60 per cent of global GDP while only holding about a 20 per cent of the global population<sup>26</sup>. Of note in this report was the concentration of economic output in these mega city regions:

- ❖ Chinese cities in the top 600 global cities accounted for almost 74 per cent of GDP in China (and this is predicted to rise to 90 per cent in 2025),
- ❖ Western European cities accounted for 59 per cent of European GDP.
- ❖ American cities accounted for 92 per cent of national GDP in 2005.

Similarly, a report in 2011 by the London School of Economics called the “*Global Metro Monitor*”<sup>27</sup> indicated that the world's 200 largest metro economies generated approximately 46 per cent of global GDP while accounting for just under 12 per cent of global population<sup>28</sup>

The Global Metro Monitor (2011) also found that nearly 4 in 5 of the metro regions had average incomes that exceeded the averages for their nations. The evidence overwhelmingly points to a universal trend of urbanisation which is tied to the concentration of economic growth within geographically small but economically significant global hubs.

By 2050 it is expected that globally almost 70 per cent of the world will live in urban areas and in the more developed world (as it is currently defined) the figure will rise to around 86 per cent<sup>29</sup>. By comparison, the figure for Ireland will be just over 75 per cent by 2050 (UN, World Urbanization, 2012). See Figure 1.3.

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<sup>24</sup> Rockefeller Foundation, *Century of the City: No Time to Lose*, (2008)

<sup>25</sup> United Nations, <http://www.unfpa.org/pds/urbanization.htm>

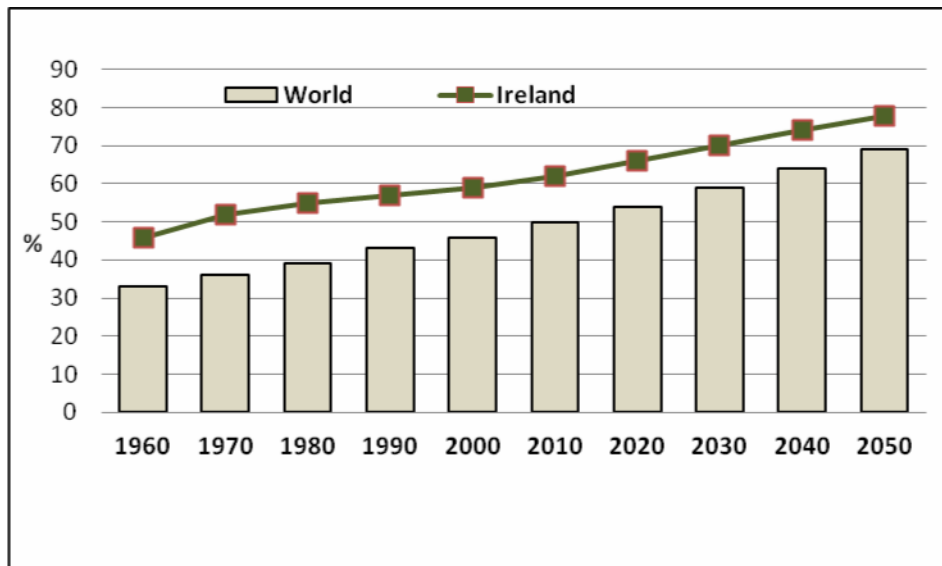
<sup>26</sup> McKinsey (2012) “Mapping the economic power of Cities”

<sup>27</sup> Global Metro Summit. <http://www.globalmetrosummit.net/media/GlobalMetroMonitor.pdf>

<sup>28</sup> Global Metro Monitor – the path to economic recovery, LSE cities & Metropolitan Policy Program, Brookings, 2011

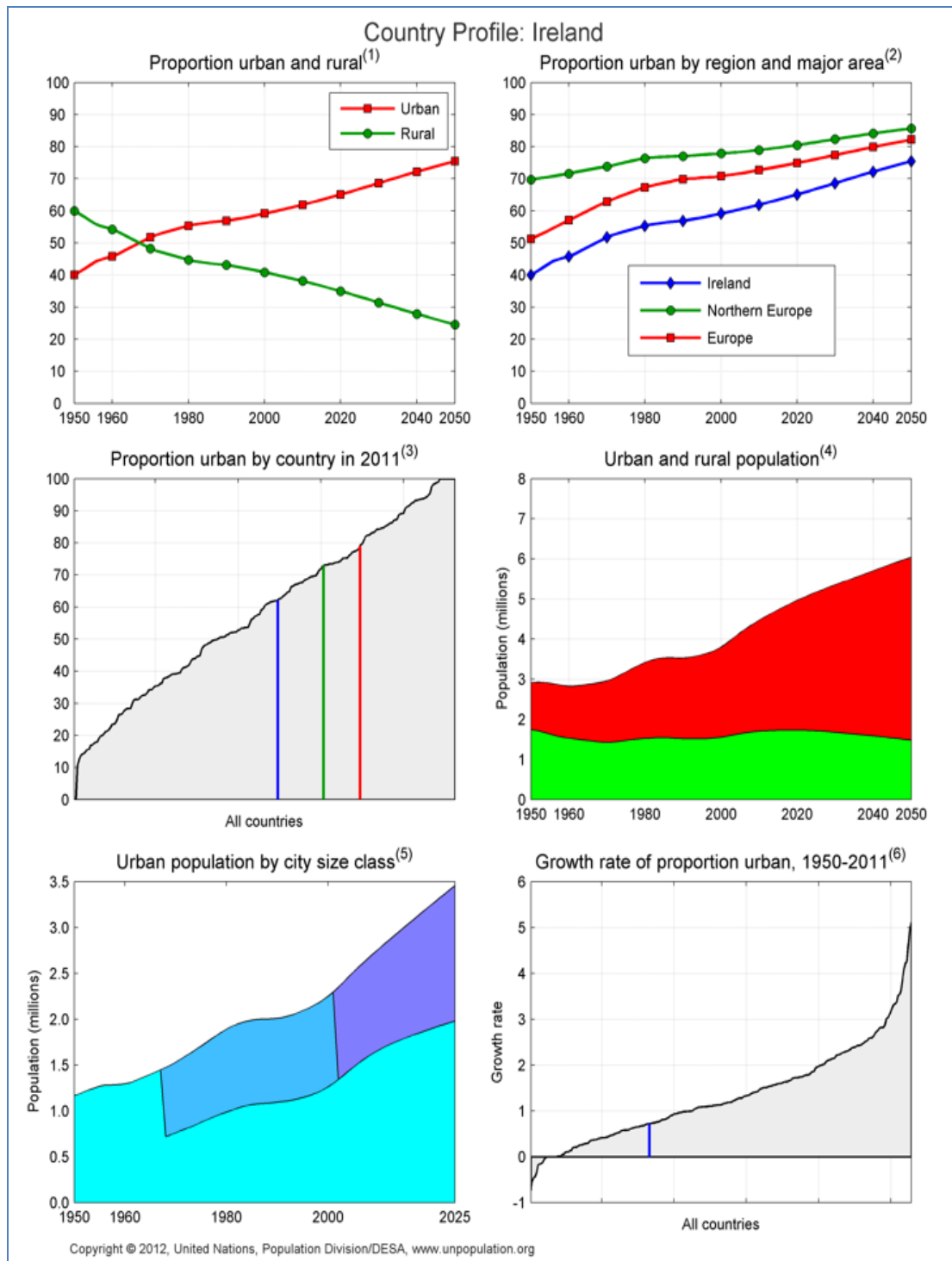
<sup>29</sup> UN (2011) *World Urbanization Prospects, the 2011 Revision*, UN Nations, Department of Economic And Social Affairs, Population Division (New York)





**Figure 1.3: Level of Urbanization Globally (United Nations Population Division, 2011)**

In demographic terms Ireland only transitioned to an urban country in the 1970s when for the first time over 50 per cent of the population lived in urban areas. Urbanisation having come relatively late to Ireland means in this sense that there is an element of catch-up involved in how the country is learning to plan (structurally and economically) for and accept that a greater concentration of people living in towns and cities is emerging (UN, Population Division, 2012) (Figure 1.4).



**Figure 1.4: United Nations Country Profile showing urbanisation trends since 1950 (UN Population Division, 2012)**

In Ireland, since the 1990s development patterns have been characterised by an urban sprawl configuration and significant house building in the countryside (NSSb, 2000). Dublin expanded to accommodate its economic growth rather than growth occurring in areas outside of the Dublin (functional) region. Its position was reinforced by infrastructural, technological and policy considerations, external influences (such of the rise of the global city) and globalisation processes.

“Urban settlements once established tend to attract new economic activities and population, thereby reinforcing themselves by cumulative causation” (NSSa, 2000).

Despite attempts to create viable counterbalances to Dublin it has arguably been fortuitous that these attempts have largely been unsuccessful as they have resulted in the functional Dublin city region growing to a size which allows it to compete at global scale.

Dublin as a global city features in most of the international city benchmarking indices. However, it is a small city region in the international scale. It was ranked 77<sup>th</sup> out of 78 cities in terms of population size in an OECD report on '*Competitive Cities in the Global Economy*', 2007 (OECD, 2007).

In this regard, due to this small size in the international context, Dublin and by default Ireland have had to respond to the opportunities that globalisation creates.

"As Ireland's only city of international scale, continued investment in Dublin is necessary to maintain and improve its position as an internationally competitive location. A competitive Dublin can serve to strengthen the performance and attractiveness of other Irish cities and provide them with opportunities that may not be accessible otherwise"  
The National Competitiveness Council (2009).<sup>30</sup>

A critical feature of both Dublin and Ireland is its growing and urbanising population. This natural growth and demographic shift will result in a greater strain on infrastructure and services. The Dublin region is almost exclusively urban (over 97 per cent) while 62 per cent of all persons in the State now live in urban areas compared to 60.7 per cent in 2006. In the GDA more than 87 per cent of persons live in an urban setting (CSO, 2012) with employment opportunity concentrated in those urban areas. Recent results from the Census of Population 2011 (CSO, 2012) indicate that the urban population of the State peaks at 30 years of age as young adults move to urban areas seeking work. In contrast rural areas have distinctly lower levels of persons in their twenties with the high point in the rural population cohort at age 40 (CSO, 2012).<sup>31</sup>

Dublin city and suburbs have 39 per cent share of the total urban population of the country within an area of the covering 317.5km<sup>2</sup> which is just 19 per cent of the total urban land area within the country. The density of population is therefore highest in Dublin city and suburbs at 3,498 persons per km<sup>2</sup> compared to 1,311 persons per km<sup>2</sup> in Cork, Limerick, Galway and Waterford cities' combined average and 67 persons per km<sup>2</sup> across the State (CSO, 2012).

The Dublin region and its hinterland area have grown significantly in the last 20 years consolidating Dublin's role as the economic engine of the State. Within the Regional Planning hierarchy of the GDA, metropolitan consolidation centres such as Swords, Tallaght, Dun Laoghaire, Blanchardstown and emerging large growth centres such as Navan, Naas, Wicklow and Drogheda form a key urban constellation without which Dublin would not function as it does.

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<sup>30</sup> <http://www.competitiveness.ie/publications/2009/title,3953,en.php>

<sup>31</sup> CSO (2012). Census of Population 2012: *Profile 1: Town and Country*, Central Statistics Office, Cork.

### 1.2.3 Demographic trend outline

A brief demographic trend outline is included in this section (Table 1.3). For additional detail demographic trends globally and down to ED level in the Dublin region visit the Creative Dublin Alliance website at:

<http://www.creativedublinalliance.ie/assets/2012/02/Dublin-Demography-Report-Jan-2012.pdf> to download *Demographic Trends in Dublin 2011*<sup>32</sup>.

PRINCIPLE DEMOGRAPHIC HIGHLIGHTS
The Dublin region experienced growth of 24 per cent over the 20 year period 1991-2011 which was below the national average. The population of the city region is over 1.27 million persons and the State 4.6 million
The Mid East region which is home to the commuter counties of Wicklow, Meath and Kildare saw relatively high growth compared to the national average of just over 63 per cent with an absolute increase of over 200,000 persons.
The absolute increase in population in the Mid East was almost equal to the absolute increase in the Dublin region between 1991 and 2011, 205,000 compared to 245,000 or 84 per cent (see Figure 1.5 for percentage county increase across the State, the GDA and the Dublin region over the past 20 years and Figure 1.7 for population change across the State)
Within the Dublin region it is expected that Dublin City will take about 36 per cent of all future growth to 2022. Notably, the Dublin region is expected to take a projected increase of over 200,000 persons from 2010 to 2022 the Mid East has been apportioned just under 100,000 for the same period.
The Dublin region now has almost 28 per cent of the total population (Figure 1.8). While the Dublin regions share of the national population has actually declined from above 29 per cent in 1991 to current levels the proportion of the GDA population has increased 1 percent to 39.3 per cent. The absolute population change is shown in Figure 1.7. Here we can see the considerable increase of the Mid East region and the shift that occurred in population distribution over the period 1991 to 2011.
Dublin City's share of the Dublin region's population declined from 47 to 41 per cent between 1991 and 2011. By contrast, Fingal has seen its share of the region's population increase from 15 to 22 per cent over the same period. South Dublin's share of the population has remained static at 21 per cent while Dún Laoghaire Rathdown's share has fallen from 18 to 16 per cent.
Between 1991 and 2011 the population of Dublin City increased by nearly 10 per cent and in the inner city there was an increase of 62 per cent in the same period (Figure 1.9) <sup>33</sup> .
Some of the greatest pressures in terms of population growth and service provision will however be concentrated in the Dublin city region and its hinterland.
Ireland is one of a few European countries showing increases in population (including Spain, France and the U.K.) contrasting to the general European trend within the Eurostat area <sup>34</sup> projecting the Irish population to increase from 4.5 million in 2010 to 6.5 million by 2060, a 47 percent increase. While European birth and fertility rates decline, Ireland's fertility rate in 2009 was 2.07 children, compared to a EU27 average of 1.6.
In 2008, 11 per cent of Ireland's population was over 65 years while across the EU27 this figure was 17 per cent in Germany the figure was almost 20 per cent. Looking at the figures for those in the 0-14 age category, 20.6 per cent of Ireland's population is in this group, the highest in Europe. By contrast, Germany has 13.7 per cent in the 0-14 age group, while the average for the EU27 is 15.7 per cent.
The Dublin Demography Report 2012 lists a number of key considerations in terms of Ireland's and Dublin's growing population: <ul style="list-style-type: none"> <li>❖ <b>Planning for the transition in population is very important with regard to health, education, community services pensions, housing and other measures.</b></li> <li>❖ With regard to old age dependency in comparative European terms Ireland is atypical. It is</li> </ul>

<sup>32</sup> Redmond, D., Williams B., Hughes & Cudden, J (2011) Demographic Trends in Dublin, University College Dublin.

<sup>33</sup> Detailed breakdown of change in inner city wards and for administrative areas in Dublin City Council are available on request

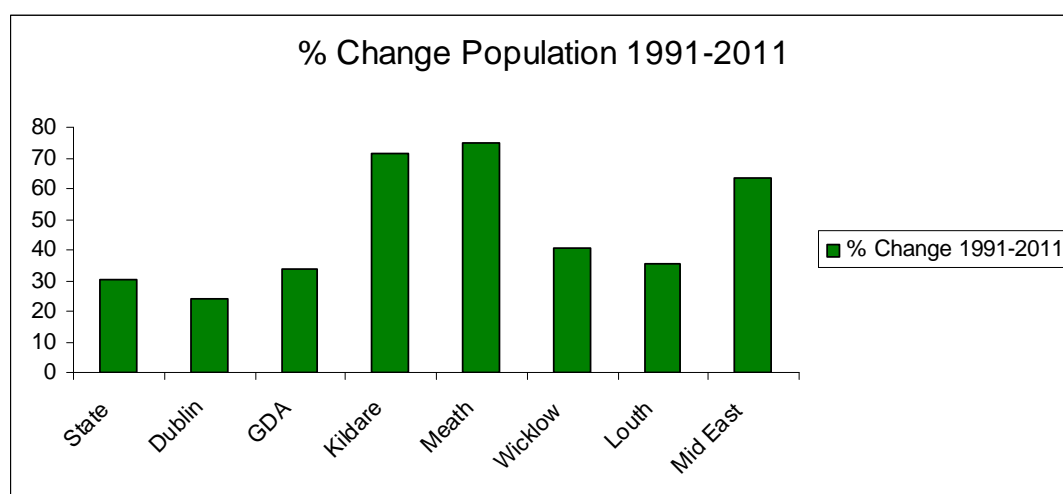
<sup>34</sup> EuroStat is the Statistical databank of the EU-27 countries carrying data and information on economic, social, environmental and other concerns.

## PRINCIPLE DEMOGRAPHIC HIGHLIGHTS

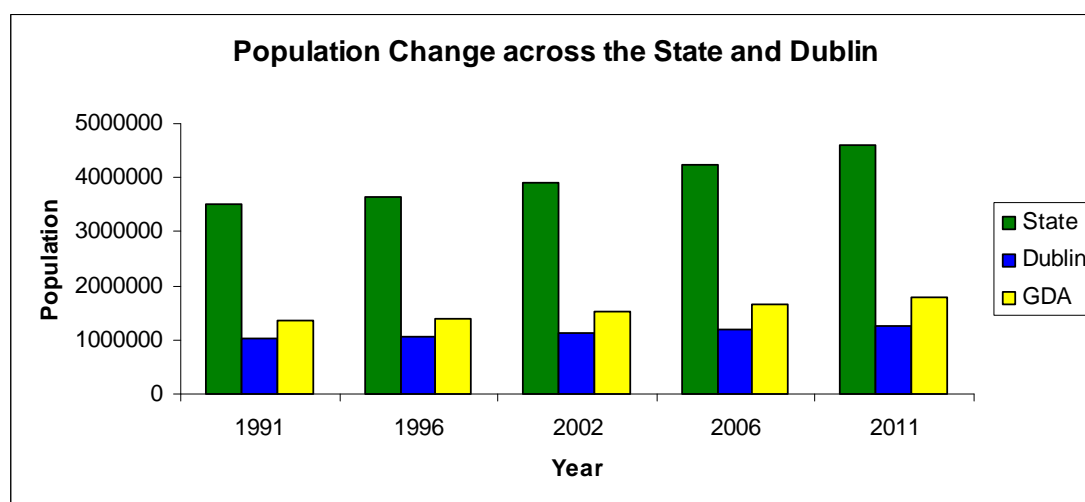
experiencing strong natural increase in population and some of the lowest old-age dependency ratios though this is expected to rise from 16 to 36 per cent by 2060.

- ❖ Dublin and Ireland have a proportionately greater working age population than other EU countries with consequently less pressure on looming issue of pensions.
- ❖ The strong natural increase in population will drive demand for education. This is particularly true of the Greater Dublin Region.
- ❖ Non-Irish born residents accounted for 17 per cent of the total population in 2011 up from 5.5 per cent in 1986. Dublin has retained a significantly more diverse population than at any time in the city's recent history (>20 per cent). Diversity is seen as a real asset for Dublin<sup>35</sup> and the process of integrating new communities has been relatively successful helped by an open mindset from a country that has experienced generations of emigration<sup>36</sup>.

**Table 1.3: Broad level demographic highlights (DCC, 2012)**



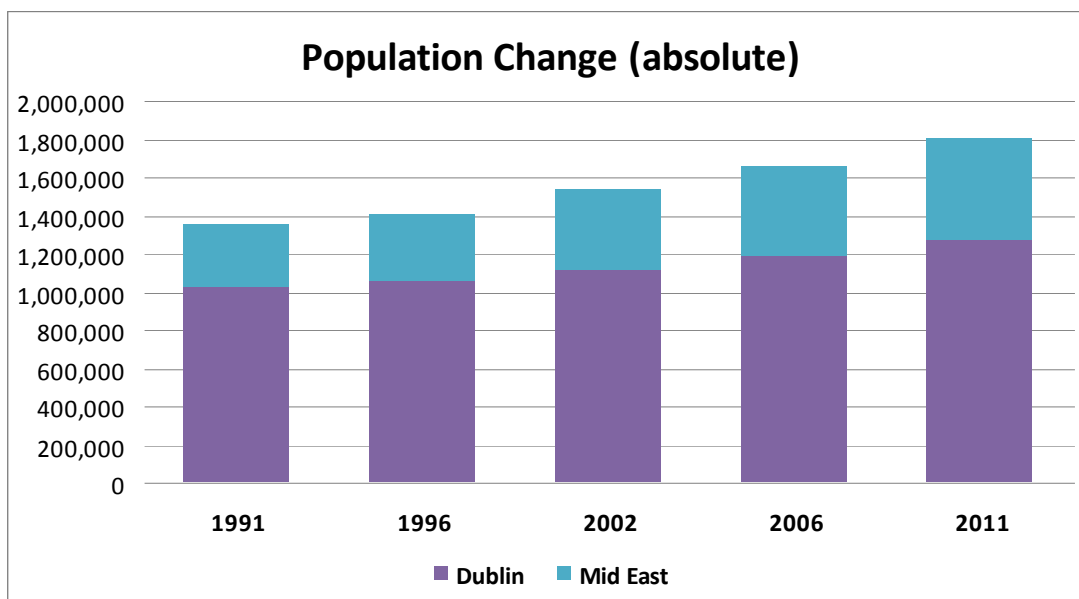
**Figure 1.5: Percentage Population Change in Dublin, the Greater Dublin Area and the State (CSO, 2012)**



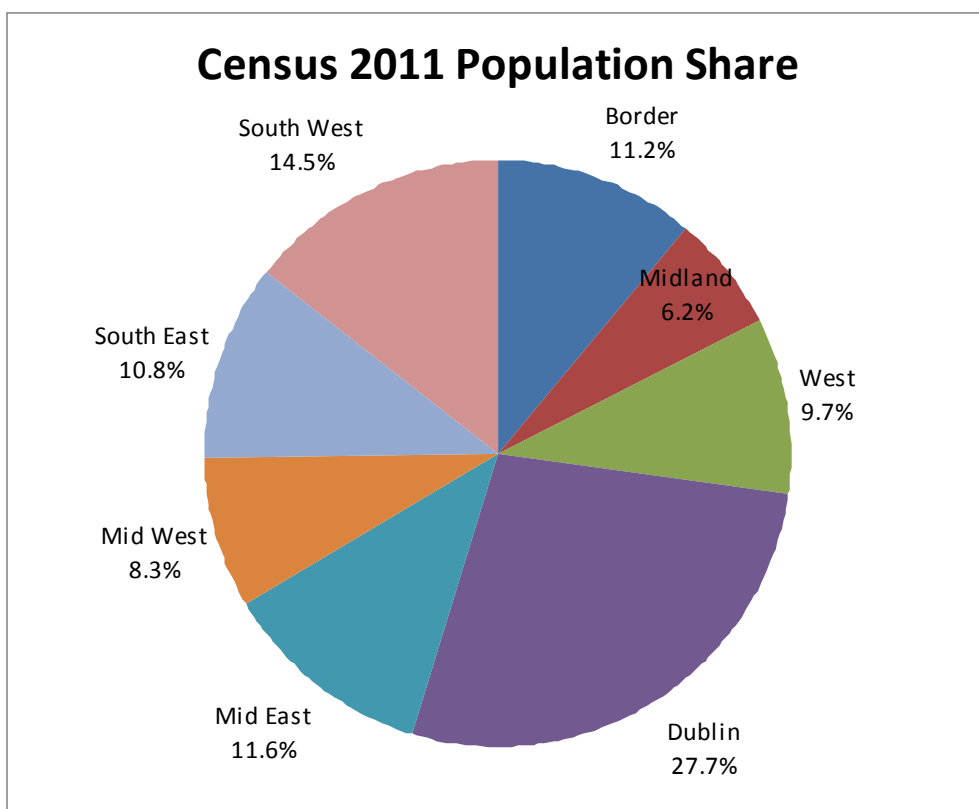
**Figure 1.6: Population Change Across Dublin, the GDA and the State 1991-2011 (Source: CSO, 2012)**

<sup>35</sup> A recent survey in 2011 of over 2,000 people that live work or study in Dublin showed that 88% were positive about diversity in the city. [www.yourdublinyourvoice.ie](http://www.yourdublinyourvoice.ie)

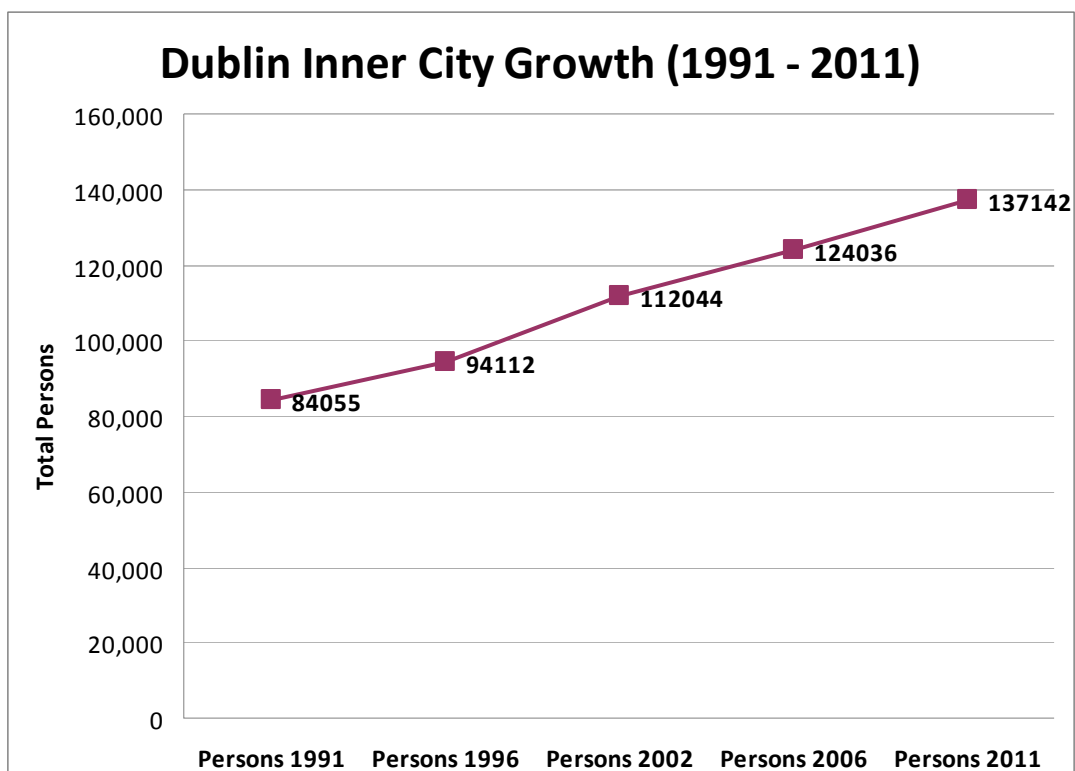
<sup>36</sup> It is estimated that approximately 70 million people worldwide presently claim some level of Irish ancestry. Towards an Irish Diaspora Strategy: A Position Paper, Mark Boyle & Rob Kitchin



**Figure 1.7: Absolute increase in population across the GDA (Dublin and Mid East Regions) between 1991 and 2011 (source; CSO, Census, 2012)**



**Figure 1.8: Population Share across the Regions (source: CSO Census 2011)**



**Figure 1.9: Dublin Inner City Growth 1991-2011 (Source: CSO, Census, 2012)**

## 2 Dublin and Ireland's Economic Performance

“The success of Dublin remains critical to the performance of the Irish economy<sup>37</sup>”

National focus needs to be on developing and then sustaining Dublin as driver for national recovery by further establishing its credentials as a competitive and connected global hub trading in services, creativity and innovation. In essence, the bottom line is job creation and retention. This section provides a summary of employment and economic trends. Appendix 4 contains more detail on Ireland and Dublin's current economic position and performance including commentary on the services sector, competitiveness extracts from national competitiveness reports and employment and housing trends.

Firstly, in spite of the economic downturn Dublin is still performing strongly in knowledge intensive sectors that will continue to demand specialist skills. Dublin will continue to act as the primary centre for high skilled workers both nationally and in terms of international migrants. The number of FDI investments for example has remained strong since 2007 with the Dublin city region accounting for over 50 per cent of all FDI projects in Ireland.<sup>38</sup>

Beginning in the early 1990's, unprecedented economic growth saw the level of Irish real GDP double in size over the course of a little more than a decade. This period of growth was coined the “Celtic Tiger” with average GDP growth rates of about 6-8 per cent per annum. The Irish economy evolved from being one of the poorest countries in the EU to being one of the richest during this period (Ireland's GDP per capita for 2010 was 125 per cent of the EU-27 average having peaked at 146 per cent in 2006<sup>39</sup>). In 2007 Ireland recorded the 6<sup>th</sup> highest GDP per capita in the world (US \$51,128), it dropped to 12<sup>th</sup> in the world with a GDP per capita of US \$45,689 in 2010 (IMF 2010).

Dublin's and indeed Ireland's economic growth from the 1990's up to 2007 had strong positive implications for employment growth. In Dublin the numbers in employment increased from 340,00 to 616,000 (an 80 per cent increase) while employment in the state grew from 1.16 to 2.1 million persons in employment (a 75 per cent increase). The unemployment rate dropped from about 14-16 per cent in the 1990s to historically low levels in averaging 4.5 per cent in 2007.

The respective economic profiles of the Dublin city region and the State have changed considerably in the period 2007 to the present. Since 2007 Ireland has witnessed a major decline in its economic performance and a resulting contraction in the numbers in employment. This was largely linked to a collapse in the housing and construction sectors. In 2008 output fell for the first time since 1983. House prices increased by

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<sup>37</sup> Dan Thornhill, NCC Chair. “Ireland's Competitiveness Challenge”.

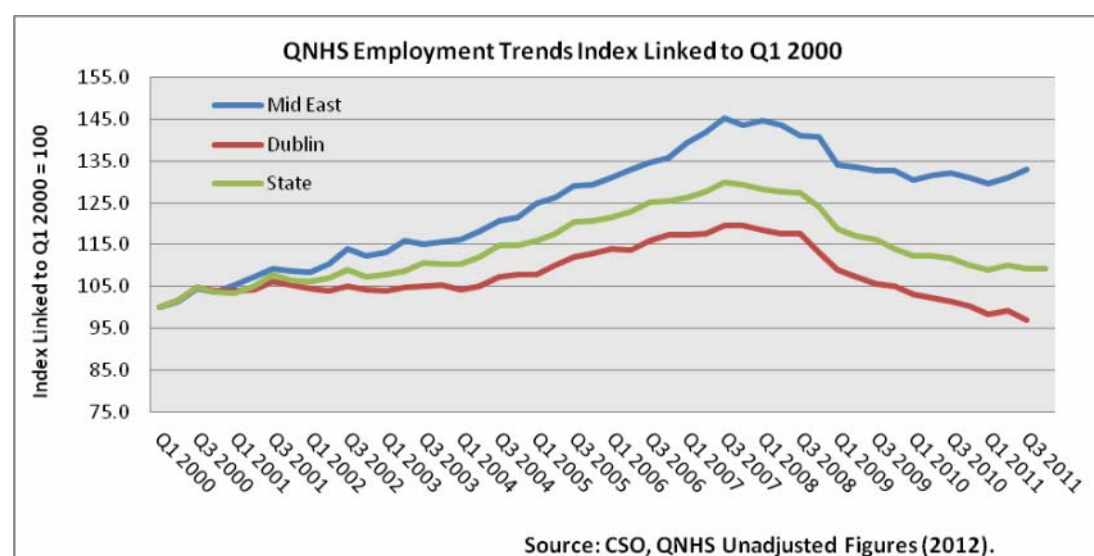
<sup>38</sup> Financial Times (FT), FDI benchmark, 2010

<sup>39</sup> EU: GDP per capita in Purchasing Power Standards, 2006-2010 – CSO 2011. GDP is artificially inflated in the Irish context due to the large presence of multinationals that repatriate their profits abroad. GNP is a more accurate measure of Irish economic performance however international comparisons predominantly use GDP.



over 400 per cent in the late 1990's up to 2007 and investment in housing as a percentage of GNP rose from around 6 per cent in 1996 to almost 15 per cent in 2006 (DCC, 2011). The construction industry in Ireland at its peak in 2006 represented 24 per cent of national GDP employing 1 in 7 people. This compares to just 4.9 per cent of GDP in the US for the same year and less than 1 in 17 people in employment<sup>40</sup>. A number of indicators relating to property and construction have displayed falls of over 90 per cent in activity since 2007 (including building commencements, planning permissions and housing completions) (DoECLG, 2011). Total housing completions in Ireland at the height of the construction boom were just under 90,000 (2006) compared to 14,600 in 2010 (CSO, 2011)<sup>41</sup>. House prices have fallen over 55 percent from early 2007 and apartment prices have fallen by 63 per cent (CSO, 2012)<sup>42</sup> from early 2007 and apartment prices have fallen by 63 per cent (CSO, 2012)<sup>42</sup>

Employment levels have fallen by around 15 per cent from peak 2007 levels (CSO, Quarterly Household National Survey (QHNS), 2011). The numbers in employment in the Dublin Region declined from about 620,000 to 525,000 in just 3 years (CSO, QHNS, 2011) (Figure 2.1). The national unemployment rate has tripled to over 14 per cent from 4 per cent in 2007, with almost half of those unemployed for over a year. Unemployment in Dublin is over 12.7 per cent (CSO, QHNS, 2011) and is back to levels not seen since the 1980's. A collapse in house prices by over 50 per cent from their peak in 2007 (CSO, 2011) has placed many households in negative equity. Almost 11 percent of all residential mortgages nationally are in arrears of over 90 days<sup>43</sup>



The Irish economy contracted for three consecutive years to 2010, leaving real GDP and GNP at about 12 per cent and 15 per cent respectively, below 2007 levels (the peak of the economic cycle).

<sup>40</sup> Bureau of Labour Statistics, 2011.

<sup>41</sup> CSO (2011) Housing Completions. (These statistics were compiled through the DoEHLG)

<sup>42</sup> CSOb (2012) Residential Property Price Index (July, 2012) (Dublin 2) Central Statistics Office

<sup>43</sup> Central Bank Press Release August 2012 (83,000 mortgages in arrears 3 months and 45,000 in arrears less than 3 months) <http://www.centralbank.ie/press-area/press-releases/Pages/ResidentialMortgageArrearsandRepossessionsStatisticsQ22012.aspx>  
<http://www.reuters.com/article/2011/08/29/ireland-arrears-idUSL5E7JT0PX20110829>

At State level average disposable income per person fell from €23,239 in 2008 to €21,356 in 2009, representing a decline of €1,883 or 8.1 per cent (CSOb, 2012).<sup>44</sup> Of the eight regional authority areas, the Dublin region had the highest average disposable income per person in 2009. At €24,316 the average disposable income per person in Dublin was 13.9 per cent higher than the State figure of €21,356 (CSOb, 2012).

National accounts for Ireland for the year 2011 indicate that GDP growth was 0.6 per cent. Focusing on the underlying growth components, domestic demand continued to decline as personal consumption, government expenditure and investment spending contracted once again. The Central Bank and ESRI both estimated modest GDP growth of less than 1 per cent in 2012 rising to above 2 per cent for 2013 while significantly GNP is forecast to contract in the same period (Table 2.1). Figure 2.2 shows GNP and GDP yearly change with the significant decline in output between the end of 2007 and 2010 (CSOd, 2012). The national debt ratio is expected to climb to 115 per cent in 2012 and peak at 120 per cent in 2013<sup>45</sup>.

Year:	2011		2012		2013	
Source:	ESRI	Central Bank	ESRI	Central Bank	ESRI	Central Bank
GDP (%)	0.7	0.7	0.6	0.5	2.2	2.1
GNP (%)	-2.5	-7	0	-0.7	0.5	1
Unemployment (%)	14.4	14.4	14.9	14.4	14.7	14

Table 2.1: ESRI and Central Forecasts for GDP, GNP and Unemployment respectively (2012)

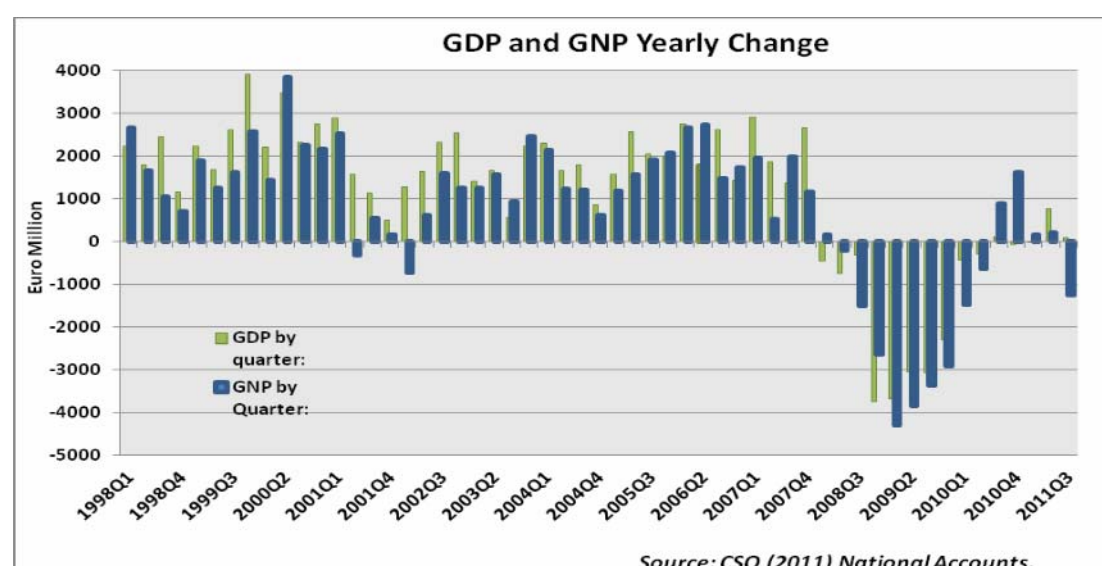


Figure 2.2: GDP and GNP by Quarter for Ireland (CSOd, National Accounts, 2012)

<sup>44</sup> CSOc (2012) "County Incomes and Regional GDP, 2009", (Dublin 2) Central Statistics Office [http://www.cso.ie/en/media/csoie/releasespublications/documents/economy/2009/regincome\\_2009.pdf](http://www.cso.ie/en/media/csoie/releasespublications/documents/economy/2009/regincome_2009.pdf)

<sup>45</sup> AIRO Website: <http://www.airo.ie/news/eurostat-euro-area-general-government-debt-q3-2011>

In 2010, exports accounted for 19 per cent of GDP. This equates to an increase of 2 per cent from 2009. The export led- strategy (as opposed to export only strategy) of economic recovery is likely to be forcefully pursued in the medium to long term (DJEI, 2012)<sup>46</sup>. With foreign owned firms in Ireland contributing over 90 per cent of Irish exports<sup>47</sup>, the growing importance of cities in the global economy coupled with the intensifying pace of globalisation means that Dublin's future economic growth depends on sustaining and improving our trade performance.

Changes in the status of the Dublin city region and the State are summarised in Table 2.2. These show the considerable challenges currently facing the State with increasing unemployment, rising Debt to GDP ratio's and a decrease in disposable income all placing pressure on the economic health of the city region and State respectively.

Dublin Region	Q2 2007	Q2 2011	State Comparison Q2 2011 (Entire State)
Employed	616,000	520,500	1,821,300
Unemployed persons	31,000	72,000	304,500
Unemployment Rate	4.8%	12.1%	14.3%
Participation Rate	65.4%	62.2%	60.7%
Labour Force	647,000	592,500	2,125,900
Service Sector Employment	80% Services 20% Non-Services	88% Services Sector 12% Non Services <sup>48</sup>	77% Services Sector 23% Non Services
Dublin Region	From Q2 2007 to Q2 2011 in Dublin		State Comparison
Job Losses Q2 2007 – Q2 2011	95,500		317,500 (30% of loses were in the Dublin city region)
Proportion of job Losses Males	66%		80%
Live Register September 2011	105,422		437,441 (24% of live register persons are in Dublin city region)
Dublin Region	2011 in Dublin		2011 State Comparison
Housing Vacancy Rates 2011	10.7% (Dublin)		14.7% (State)
House Prices (Base 100, Jan 2005)	Year End 2011: 60.7 Year End 2007: 131.2		Year End 2011: 68.9 Year End 2007: 129.5
Dublin Region	Dublin 2008 and Dublin 2009 Incomes		State Comparison for 2008 and 2009
Disposable Income Per Capita (CSO, 2012)	2008: €26,414	2009: €24,316 % Change: -7.90%	2008: €23,239 2009: €21,356 % Change: -8.06%

**Table 2.2: Employment, Income and selected other Macro Economic Changes in Ireland Dublin over the 4 year period between 2007 and 2011**

<sup>46</sup> Department of Jobs, Enterprise and Innovation, Action Plan for Jobs 2012, DJEI.

<sup>47</sup> National Competitiveness Council 2009

<sup>48</sup> Non Services include NACE Rev 2 Economic Sectors codes A-F: Agriculture, Forestry, Fishing; Industry and Construction. Services include all other Sectors.

Appendix 4 sets out more contextual detail including further detail on unemployment, a brief analysis of house price changes and affordability and a brief commentary on the office sector in Dublin including a map of 3<sup>rd</sup> generation office space in Dublin city.

## **2.1 Dublin Role in the National and Global Economy – Feedback from Stakeholder Interview**

Sections 2.2 to 2.3 (2.3.3) contain material taken almost exclusively from interviews. The materials quoted in these sections represent a broad level perspective on Dublin's current role in the national and global economy. This feedback was used to shape this report and key points are outlined. Section 2.2 summarises the key issues that interviewees raised in conversation about *Dublin's Role* and current position in the form of a SWOT. Section 2.3 is a summary of responses to questions about a) Dublin's Role in the National Context, b) Dublin's Role on the Global Context c) The importance of collaboration and d) The emergence of the Smart Cities concept.

The research team carried out an extensive interview process with key economic and policy interests across the city region and with a number of decision-makers from outside the region in order to establish a balanced perspective. Public and private sector opinions were canvassed with 90 per cent of those asked agreeing to interview and 35 interviews completed in total. This interview process was extremely valuable as it allowed the research team to match evidence and opinion. Results will indicate that opinion and evidence were closely related and point up the need for greater levels of collaboration. In selecting interviewees the research team identified in cooperation with the steering group the following representations for interview:

Researchers/Research bodies 2) Policy Makers 3) Representation from the corporate sector 4) Representation from across the political spectrum 6) Representatives from all 4 Dublin Local Authorities 7) Representation from business and enterprise 8) Opinion from outside the region 9) Other relevant State or Semi-State representation.

It should be noted that the further summary of interviews provided in the sub-sections of Section 3 of this report labelled *Perception from interviews* solely represents the views of the interviewees. No attempts made to change the context of responses and every reasonable attempt was made to represent all views and responses which were provided.

Where a response is stated to have been repeated "on a number of occasions" this generally reflects four or more interviewees expressing the same or very similar opinions to a question or a topic. Where a response is stated to have been given "on more than one occasion" it is taken to reflect a similar response to a question repeated by one to three interviewees. Furthermore, in the summaries provided in the *Perception from interviews* sub-sections there are unavoidable cases of repetition. This is simply because some responses have applicability to more than one topic heading.

Appendices 1 and 2 sets out further the interview methodology and process and includes a list of interviewees.

## **2.2 Dublin SWOT (developed from interviews)**

A traditional SWOT analysis for Dublin using interviews from key stakeholders is outlined below. This provides an outline of the range of opinion that was expressed.

<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>• Highly educated population of working age</li> <li>• Critical mass of skills</li> <li>• Flexible and adaptable workplace</li> <li>• Simple and low corporate tax base</li> <li>• Young population / Baby boom</li> <li>• World class universities</li> <li>• Significant multinational base with a proven track record in attracting FDI – particular strengths in financial services, biotech and internet technologies / IT.</li> <li>• World class financial centre</li> <li>• Ease of doing business</li> <li>• Competitive house prices</li> <li>• Cheapest water in Europe</li> <li>• Low corporation taxes and excellent regulatory environment</li> <li>• Multicultural city with high levels of tolerance</li> <li>• English speaking city and country</li> <li>• Membership of the EU</li> <li>• Established global relations strategy</li> <li>• Export oriented economy</li> <li>• Continued investment in R&amp;D</li> <li>• Improvement in competitiveness – reduction in costs</li> <li>• Excellent quality of living and abundance of supporting assets</li> <li>• Well connected global Irish Diaspora (particularly in the USA and UK)</li> <li>• Good international reputation – friendly people</li> <li>• A great vibe is present in the city</li> <li>• Relatively clean environment and a healthy city</li> <li>• Much improved infrastructure (T2, Port Tunnel)</li> <li>• Guerllia-esque culture to National Galleries</li> </ul>	<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Leveraging the existing FDI clusters (internet, social media)</li> <li>• IFSC and Silicon Dock Cluster to attract further investment</li> <li>• Employment opportunities from emerging bio-pharma and technology sectors</li> <li>• Potential to educate a young highly talented workforce with skills which match growing and emerging workforce sectors</li> <li>• Increased opportunities for triple helix collaboration</li> <li>• Promoting Dublin strengths and building a strong international competitive identity and brand</li> <li>• Realising the potential of the green economy and green services</li> <li>• Adoption of green technologies and investment in renewable energies.</li> <li>• Potential to grow the digital sector alongside provision of eGovernment digital services</li> <li>• Potential to grow the marine services sector significantly making Dublin the marine services Gateway for Europe</li> <li>• Potential to use the vibe of the city and innovative capacity to grow the new creative industries sector</li> <li>• Connecting to cities in emerging economies, opening new embassies and route development to emerging markets</li> <li>• Growing tourism potential and offer</li> <li>• Growing Dublin's international student sector</li> <li>• Reform of planning and development and the National Spatial Strategy.</li> <li>• Opportunities to use the vacant housing for social benefit</li> <li>• Opportunity to make the city more family friendly and to use vacant sites (Brownfield included) to green the city and provide parks and play areas</li> </ul>
<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• High unemployment – in particular long term and youth unemployment</li> <li>• Skills and training – a large cohort of the workforce in under-skilled</li> <li>• Return to emigration – brain drain</li> <li>• Public finance stability -austerity and fiscal consolidation –</li> <li>• Reduction in standards of living</li> <li>• Negative equity trapping people in the commuter belt</li> <li>• Poor regional governance – lack of coordination between bodies, duplication</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• The international economic situation</li> <li>• Austerity measures stunting growth potential</li> <li>• Competition from emerging markets</li> <li>• The emergence of a digital divide as broadband provision in Ireland and Dublin lags behind immediate competitor cities</li> <li>• Water shortages in the capital may undermine its attractiveness to water intensive industries</li> <li>• A return to traffic congestion in the city core in particular may emerge once</li> </ul>

<p>of effort</p> <ul style="list-style-type: none"> <li>• Taxes which penalise city living</li> <li>• Peripheral location with a mismatch between levels of international (air) connectivity and presence of large numbers of MNE's</li> <li>• Limited powers of Dublin in the national context restraining global potential</li> <li>• Low levels of new job creation especially in traditional sectors perpetuating long term unemployment</li> <li>• High levels of youth unemployment</li> <li>• Difficulties in accessing credit / finance – a dysfunctional national banking system</li> <li>• Weak broadband infrastructure relative to global competitor cities and countries</li> <li>• Market failure in disadvantaged areas of city in terms of broadband provision widening social inequalities</li> <li>• Poorly integrated public transport systems</li> <li>• Overdependence on imported fossil fuels</li> <li>• Urban sprawl and associated social infrastructure provision</li> <li>• Low density city region &amp; overdependence on the car</li> <li>• Relatively limited engagement with citizens</li> </ul>	<p>economic recovery takes hold</p> <ul style="list-style-type: none"> <li>• Inadequate investment in infrastructure – transport and communications, education etc</li> <li>• Increasing levels of poverty and social deprivation</li> <li>• Reduction in education spend and spend in Research and Development</li> <li>• Not enough graduates in the STEM subjects</li> <li>• Declining reputation of universities</li> <li>• Continued negative equity for people that bought in the boom period (especially commuter counties and parts of Dublin)</li> <li>• Ageing population and impact on healthcare and pensions will cause problems in the longer term</li> <li>• Continuing reputational damage to Ireland and Dublin as a result of the IMF / EU bailout and financial crises</li> <li>• Potential for social unrest as a result of austerity measures</li> <li>• A fear of planning for the future and investing in opportunity</li> <li>• Training and educating for emigration</li> <li>• Rise in anti-social behaviour impacting tourism and retail</li> </ul>
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The key strengths, weaknesses, threat and opportunities, as identified through opinions that were expressed regularly throughout interviews are summarised in sections 2.2.1 to 2.2.4.

### 2.2.1 Key Strengths

#### **Talent and an Educated Workforce**

The large majority of interviewees agreed that Ireland produces talented graduates who are both flexible to changing demands and adaptable to emerging skills requirements. World class universities and research underpin this strength. However a number of interviewees warned of an emerging threat as funding to education is cut back.

#### **A good business environment and a strong multinational base**

The underlying positive effect of a good business environment and low corporation tax was referred to time and again as a key national strength (by over 50 per cent of interviewees). In combination with increasing cost competitiveness, an established global relations strategy and a successful foreign direct investment strategy, Dublin has maintained and enhanced its reputation as a location in which to live, work and visit.

#### **A City of Global Scale or Magnitude**

Virtually all interviewees agreed that Dublin is Ireland's international gateway and flagship city but in international terms it is only a regional town itself. While Dublin's optimal size makes it an ideal location for investment it was expressed that its status must be secured to maintain its comparative advantage and avoid future diseconomies of scale.

### **Excellent Quality of Living and an Abundance of Supporting Assets**

Over 90 per cent of interviewees agreed that the quality of urban living in Dublin is high. Its surrounding natural environment, relative safety, diversity and the “buzz” of the city were all referenced as contributory factors to this.

### **A much improved transport infrastructure**

Improvements to transport infrastructure, (Airport Terminal 2, the M50 and motorway upgrades, LUAS, QBC's and the Port Tunnel) were considered as positive strengths which have in part secured the regions short term future as an investment location. They have also made Dublin more accessible to other regions and businesses and *vice versa*.

## **2.2.2 Key Weaknesses**

### **High Unemployment/ Youth Unemployment**

Low levels of job creation in traditional sectors including construction perpetuating low term unemployment were a primary weakness identified by the interviewees.

### **Interregional competition/Dublin's Global Role**

The limitation of Dublin's scope to realise its potential as a global city was considered by around 75 per cent of respondents to represent a serious weakness. Interregional competition ignores the benefit of Dublin nationally as a source of jobs and investment. A national distrust of urban living and taxes which penalise city living were mentioned on three occasions, respectively. The need to better communicate the value of Dublin to the national economy was mentioned on a number of occasions as a shortfall.

### **Outdated planning / spatial strategy and governance structures**

Virtually all interviewees who commented on the spatial planning system in Ireland agreed that it is out of date. By and large there was consensus that there is no “one size fits all” solution. In this regard a lack of recognition for the strategic international role of Dublin and of emerging demographic trends were considered both a current weakness and an emerging threat. A number of respondents (4 in total) argued that basing planning solely upon population targets rather than employment targets and potential was undermining the planning system. It was also strongly expressed by over 15 per cent of individual respondents that forward planning remits should be closer aligned with those in education and health. In summary it was agreed that a policy which continues to examine the form, function and finance of the planning and governance structures of the region separately represents sub-optimal management.

### **Connectivity and poorly integrated transport systems**

Despite recognition of recent improvements there was a broad consensus that the transport system is sub-optimal compared to competitor cities. Difficulty in retrofitting the region due to the urban sprawl of the past decades perpetuates this problem.

### **Relatively poor broadband**

Around 20 per cent of interviewees expressed their belief that broadband infrastructure is weak at domestic level, though adequate for business. This could undermine future competitiveness and attractiveness for investment.



### **2.2.3 Key Opportunities**

#### **Leveraging the existing FDI clusters**

While 80 per cent of interviewees gave a considered opinion that FDI is a positive benefit to Dublin and Ireland a number of persons referred to the potential to leverage FDI to enhance the reputation of the city and to create spin-off business opportunities. The ICT sector and the potential to grow the creative industry sectors were referred to by around 20 per cent of interviewees. The potential to develop a “Silicon Docks” cluster and the continued success of the IFSC were referred to on numerous occasions.

#### **Collaboration**

The need for the triple helix of industry, academia and local government was referred to by a large majority of interviewees. Collaboration to realise efficiency and growth in austere times, to maximise the impact of valuable research and to use the city as a test bed were referred to on a number of occasions by various contributors

#### **Creative Industries and the City Vibe**

A number of interviewees referred to the potential to facilitate the growth of the creative industry sector, from gaming to traditional arts. Around 75 per cent of respondents relayed their feeling that Dublin is a vibrant city, abundant in diversity and youth and that it has potential to attract talent in this sector if appropriate measures are put in place. Two interviewees believed that actions should not be overly interventionist and that many areas of this sector will grow organically if low cost (“office”) space is provided in the city.

#### **Enhancing the fabric of the city**

A number of interviewees suggested that there is opportunity to greatly enhance the city core and fulfil the shrinking city concept. New creative industries favour city centre living and Dublin’s compact inner city has enormous potential it was felt (15 per cent of interviewees). It was suggested on a number of occasions to improve the fabric of the inner city, piece by piece (quarters), by concentrating resources in a few key areas. Mapping and analysis of unused or under – utilised areas was suggested on 4 occasions.

#### **Enhancing the tourism potential of the city**

Around 20 interviewees offered an opinion on the tourism potential of the city region. By and large there was a general opinion that Dublin has underperformed in this sector. Potential to expand the tourism offer, to broaden the geographic scope of the city region offer and to extend the duration of the city break were considered worthwhile endeavours.

#### **Connecting Dublin**

Connecting to cities in emerging economies, opening new embassies and route development to emerging markets was mentioned by around 14% of interviewees as an opportunity. Cities are the global trading nodes and go to locations of economic development and relationship building is a key endeavour.

### **2.2.4 Key Threats**

#### **Connectivity**

Two types of connectivity were referred to– a) physical in terms of transport and movement of people into and around the city region, b) virtual with regards to digital infrastructure

(broadband). Over 90 per cent of interviewees made reference to either transport or broadband and the danger to the future competitiveness of the city region if appropriate broadband and transport infrastructure are not in place. Almost 30 per cent warned of the dangers of a return to chronic traffic congestion. Other interviewees pointed to the development of Terminal 2, the motorway network and the Port Tunnel as developments which in part secure the future in this regard. International route development was mentioned by around 15 per cent of interviewees as critical to securing Dublin's place as a global business hub. Ubiquitous and high speed symmetrical broadband was mentioned as being critical by 15 per cent of interviewees. Two interviewees mentioned the problem of market failure in certain parts of the city region.

### **Competition from emerging markets**

Almost 30 per cent of interviews either directly or indirectly referred to competition from emerging markets as a threat to Dublin and the need to build on and protect the assets in the city region such as cheap water supply, the reputation of having a high skilled educated workforce and the proliferation of Multinational Companies in the ICT sector and Financial Services, to name a few.

### **The international economic situation**

Both a weakness and an ongoing threat, the majority (over 80 per cent of interviewees) made a passing reference to the global economic turmoil and the reputational damage that Dublin and Ireland have suffered as a result. There was an acceptance that actions in this area are limited in terms of local government but that prioritisation of investment nationally was required in order to get best return with limited resources. International benchmarks such as the IMD World Competitiveness Index which generally indicate a high level of performance and attractiveness were referred to in this context by a number of interviewees

### **A fear of planning for the future and investing in opportunity**

20 percent of interviewees referred to the current economic period as either being a time when everything was in "pause" mode or as a period where resources are so limited that there is a stay amongst policy makers on investment.

### **Emigration and Talent Shortage**

Over 70 per cent of interviewees made reference to a shortage of skills in the knowledge economy and graduates in the Science Technology Engineering and Maths (STEM) subjects. Over 10 per cent referred to the education system and the need to develop curricula which prepares students for current and emerging knowledge economy sectors. Language shortages in relation to core European languages in particular were mentioned by over 8 per cent of interviewees.

### **Anti-social behaviour**

A number of interviewees (5 in total) offered a very strong opinion that Dublin is suffering from an increased level of anti-social behaviour which is detrimental to the attractiveness of the city as a place to invest and visit. In particular, it was expressed that anti-social behaviour tends to concentrate and expand out along key linear thoroughfares across the city

## 2.3 Enhancing Dublin's Role – Feedback from interviews

### 2.3.1 General Opinion on Dublin's Role

The Section on Dublin's Role provides a summary of opinion from interviews on the role Dublin's Role both nationally and internationally. Quotes are highlighted in blue text. All commentary is reflective of interview feedback.

#### 2.3.1.1 Dublin's National Role

There was a hard held belief across virtually all of the interviews on the importance of Dublin and in some instances a frustration relayed as to the lack of appreciation of Dublin's economic role as the “driver” of the national economy.

The message came out strongly and frequently across the majority of interviews that:

- investment in Dublin is Ireland's best route to securing a prosperous future nationally.
- Dublin's comparative strength was seen as its diversity rather than its size. In order to maximise fiscal resources investment needs to be concentrated in areas where the return will secure both medium and long term return.
- Ireland must embrace Dublin's central role “as a hub for global investment with home satellites” such as key growth centres in the Greater Dublin Area and Gateways nationally supporting it. In this regard if a decision is made that Dublin “is it” then we must clearly outline where the other centres are.
- there are examples where collaboration has worked and is paying dividends such as strategic alliances in the third level sector -“we need to cooperate as country of a few strategic regions. The colleges are a good example whereby they have realised they must cooperate to bring in funding.”
- A majority of interviews felt that there is a need to promote the value of the capital in terms of its job creation potential and that Dublin should be seen as more than just a “necessary evil.”

#### *Commuting to Dublin in the national context*

The issue of Dublin's increased proximity to the rest of the country and the formation of functional labour catchment areas based around transport infrastructure linking a few key cities was discussed in various ways by majority of interviewees. The key message was that:

- Catchments are commutable and “the road goes both ways.” Dublin is not that far to most parts of what is a moderately sized country.
- It is better to have the country's future talent working in Dublin than abroad and there is a need to promote the fact that the jobs being created in Dublin and other major cities are for the whole country. A number of interviewees stated that spillover effects were more likely now and highlighted PayPal's expansion in Dundalk as an example.
- While the “road system that makes Dublin so accessible from most regions across Ireland.” it expressed was on more than one occasion (4 times) that the

motorways have somewhat undermined the viability of other areas and the Athlone-Tullamore-Mullingar Gateway in particular.

#### *Dublin's infrastructural advantages*

A large number of interviewees mentioned that there has been considerable investment in the public transport realm. For example, inter urban motorways have been built; and the Port Tunnel and Terminal 2 were completed. In this regard progress was substantial and the opinion was expressed on more than one occasion that collectively city and national leaders must continue to promote and focus on these positive achievements. It was similarly expressed on a number of occasions that it is these investments which are today securing current levels of FDI.

#### *Return for Investment*

A general feeling was that

- we should be concentrating our efforts on the urban centres that are large enough to support specialised economic activities and that this will yield best return for investment
- “...the realisation must be that with regional support the best return nationally will come from investment in the city regions”

#### *Tourism*

With regards to tourism and Dublin's role there was a broad consensus that:

- city breaks are the contemporary tourism phenomena.
- Dublin as with FDI and talent attraction was considered to be the Gateway to Ireland.
- “There is a real challenge to get tourists to the Dublin region let alone to stay and visit the rest of Ireland.”

#### *The Role and Status of the City Centre*

The vibrancy of the city centre was an area that was intensively discussed. Almost all interviewees suggested that a vibrant city centre is central to the future success of not only the Dublin region but also to Ireland.

A brief summary of commentary on the city centre is outlined:

- A vibrant city centre is essential – many interviewees communicated this and the belief that Dublin has this attribute of vibrancy in abundance
- Creating a city centre that is work focussed is not optimal – it must be a place to enjoy life
- If there is an attractive and creative environment then people love to live in cities
- Trinity College is one of the great city assets. The campus lifts the surrounding environs. The city needs to lift itself area by area around key landmarks and regeneration projects. It was expressed on two occasions that regeneration of areas should be carried out in such a way as to encourage people to walk from one area to another. In this regard increasing footfall along and across the Liffey was mentioned on both occasions.
- A combination of a number of visions outlined for the public realm could be summarised that in ten years time there would be a café culture, further

pedestrianisation with a centralised plaza in College Green, a revitalised Grafton Street and greater movement of citizens and tourists across the river. Applying the plaza concept to a number of areas – districts across the city and building green/rustic and easy-access corridors between these distinct quarters will create a better city core

- “There is massive potential for the inner city in Dublin” with too much underutilised spaces.
- “Georgian Dublin” should be (a) thriving residential quarter(s) – we need to be thinking about how we can plan for high quality family living with the Georgian buildings – how to create the opportunity to own a full floor – to do this there is a requirement for a compromise of strict conservation guidelines. The challenge of dereliction was also identified on a number of occasions as a considerable challenge.
- Parnell Square was mentioned on two occasions as a prime Georgian and cultural area with potential to lift the city if it was improved.
- Regionally it was expressed on a number of occasions that Dublin has a wealth of assets including the mountains, the sea, large swathes of green area and that “the city region must grow organically but in a strategic direction with a focus on the sustainable development of clusters of small towns”

**City centre living** was also identified as having fine grain opportunities and challenges by interviewees, as summarised:

- Derelict sites involve a problem with ownership, lack of funding for CPO’s
  - In Amsterdam 80 per cent of land in city owned by city
  - Zoning must consider changing the value of taxation in land zoned from a less valuable to more valuable zoning level
- Social facilities must be placed in locations which are best for the user of those facilities but also best for the city. Around 10 per cent of interviewees expressed concern in placing them beside transport lines stating that it is detrimental to the city.

“Placing social facilities along transport and pedestrian routes exacerbates a perception of a city that is not safe when in fact the city is one of safest in Europe and the world.”

- The rental market is important to the high skilled mobile worker and must be kept as an attractive sell
- Property tax must take account of apartment living
- The role of management companies and fees; Building standards; making the city family friendly and the issue of downsizing were other issues referred to.

### 2.3.1.2 Dublin’s Global Role

Opinions were abundant on Dublin’s position globally and the significance of viewing Dublin’s role in an international context.

“Dublin is Ireland’s Gateway to the world”

The following opinions were expressed on a number of occasions

- Dublin does well not necessarily because of its size which is moderate in international terms but because it is a capital city.
- There is a lack of understanding in Ireland of what a world city is and the value of a capital region.
- Many interviews stated that Dublin is a competitor with the likes of Helsinki, Copenhagen, Barcelona, Singapore, Hong Kong, Edinburgh and Manchester and has global position which must be protected. Other city regions that interviewees regard as main competition for investment included: Geneva, Newcastle, Manchester and countries such as Luxemburg, East European countries and various US states. It was notable that perception of competitor cities varied across sectors. For example, economic and investment competitors are not necessarily the same as competitor cities in the tourism sector.
- It was expressed by over 15 per cent of respondents that Cork and Belfast are at the next level of city in Ireland and can offer different services and grow particular expertise in other sectors.
- There was a wide and strongly held affirmation that Dublin is the only city that has the scale to attract all types of FDI investment – many global cities will only get shortlisted for investment if they have a metro population of over 1.5 million. You require this scale as a minimum to get shortlisted for many international investments.

**“In Ireland only Dublin can attract companies such as Google”**

### **2.3.1.3 Route Development, Dublin as a Global Hub**

One fifth of interviewees mentioned the importance of ensuring that Dublin grows as a global aviation hub. In particular private sector respondents or representatives clearly expressed their opinion that Dublin and its stakeholders must continue to work together to ensure ease of access from Ireland to key global trading points or cities. Global aviation plays a major role in connecting metropolitan leaders with trade and investment opportunities beyond their borders

**“The viability of Dublin against competitor airports in Europe is rising all the time. With routes into the airport preserved, ample room for expansion and a growing reputation the airport is a critical current and future asset to both Dublin and the country”**

A number of interviewees indicated the importance of Dublin in terms of its geographic location globally at the centre of time zones. Route development was seen key to Dublin and Ireland’s position as a global hub for FDI, talent attraction and tourism. Emerging markets and the growth of the middle class in China and India were repeated as potential tourism markets ripe with opportunity.

Over half of those interviewed expressed an opinion on the importance of the airport as a key city and country asset with almost 20 per cent explicitly noting the value of the airport as an economic hub.

The issue of Dublin as a global transport hub will be addressed in greater detail in a Singular Priority Issues Paper.

### **2.3.2 The Role of Collaboration and Research – Key Output of Interview Process**

A strong message that came out from the interview process was the importance of creating a joint vision and purpose for Dublin. The issue of collaboration relates to a need to build efficiencies and increased collaborative output. Recommendations found in Report 1 and Report 2 of *Dublin's Role* underpins much of these perceptions.

It was expressed by the majority of those interviewed that there are many voices representing Dublin however there is a lack of a unified vision amongst stakeholders. The requirement for greater collaboration was clearly emphasised.

It was also stated or referred to on a number of occasions that there is a propensity to ignore the evidence amongst policy makers. In order to avoid this disconnect suggestions from Ruane (2012) interviewed and restated in *the Journal of the Institute of Public Administration in Ireland* provide a basis for more developed recommendations for research evidence and policymaking in Ireland<sup>49</sup>. Sample recommendations are

- to make research findings more consumable by the general public (non-technical summaries, etc),
- to give greater credence to policy research and engagement within academic institutions (in terms of promotions),
- Cost Benefit Analysis in terms of strategic infrastructural projects,
- innovative changes in taxation and funding regimes with references to past experiences,
- education and training initiatives,
- and strategic and collaborative maximisation of the emergence of high quality Irish data, especially from the CSO.

On the side of policymakers it is recommended by Ruane (2012) that a combination of generalists and specialists is required and the abandonment of a civil service policy which pushes personnel with specialist knowledge down paths with narrow career prospects or forces them to deskill.

In any case it was expressed on a number of occasions by interviewees (over 20 per cent) that:

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<sup>49</sup> Ruane, F., (2012) Research evidence and policymaking in Ireland. In: *Journal of the Institute of Public Administration in Ireland*, Vol 2 Issue No. 2, p119-138

- there is an immediate requirement to articulate a joint vision for Dublin. It was generally considered that this would help to build the positive messages of Dublin to a wider national and international audience.
- to achieve this vision an engagement process is required which is supported by policy makers and researchers alike.
- while progress has been made in enhancing the evidence base on Dublin's performance that there has to be better dissemination of this research to a wider audience enabling them to keep up to date with the latest trends.
- there is a very definite requirement for more 'discussion and debate' about Dublin with engagement across the board with residents, business leaders and others. There was majority consensus on this point.
- it is in everyone's interest that Dublin is a successful forward thinking city which is activating its assets collectively.

“...engagement is the biggest challenge”

The majority of interviewees agreed that Dublin drives Ireland's success however there was a perception in some quarters that Dublin's gains are everyone else's losses. There was strong majority support on the importance of Dublin's role in reviving the national economic downturn. While it is widely acknowledged by interviewees that balanced regional development is an important aspiration there was also a realisation that in times of austerity there is a pressing need to prioritise investments to ensure maximum return for the national economy.

There was also an acknowledgement of the need:

- for greater collaboration between central and local government and a better understanding of the role the city envisages for business other than the paying of commercial rates.
- to better promote the extent of work and value of city region projects. For example there was a lack of knowledge as to the impact of the Creative Dublin Alliance and the projects that this alliance is delivering. One respondent felt that while there is a lack of clarity of what the Dublin local authorities deliver on behalf of the Dublin region the media debate on the household charge brought the importance of this debate to the forefront.

“There should be a greater onus on Local authorities to communicate what they do and how this benefits residents”

- in the absence of a directly elected mayor to develop better self organisation across the city. Even though there were concerns on the future role of local government there was clear consensus that we require leaders across business, local government etc “to play a key leadership role in influencing the future development and success of Dublin”

### 2.3.3 Smart Cities

The issue of Smart Cities is current and emerging and conversation arose in about 50 per cent of interviews pertaining to this issue. Smart Cities is taken to incorporate



smart and digital technologies and sustainable, intelligent and responsive systems whether they are in the management of the city region's municipal services, public transport, open data share or using the city as a test bed. Cities make the best use of capacity for research and innovation to improve the urban environment. They combine diverse technologies to increase the efficiency of how a city functions. While they face obstacles such as barriers to the adoption of efficient technologies, difficulties for the promotion of innovation in public procurement or uncertainty about returns on investment the potential gains include increased competitiveness, efficiencies and a reduction in diseconomies of scale.

During interviews smart cities initiatives and promoting the city as a test bed was highlighted on a number of occasions as an example of the city being proactive both in the collaborative urbanism space and in terms of creating a more efficient city system. General opinion expressed is summarised below.

- Innovation Dublin and the *Dublinked* open data initiative were highlighted as 1 positive initiatives.
- On a number of occasions the idea of Dublin as a test bed city was mentioned
- Test bedding should be matched to urban challenges and location - better coordination and alignment of test bed activities with city region needs is required with the adoption of technologies and test bed activities in a number of priority areas or districts of the city and region.
- The smart city concept makes cities more attractive destinations for skilled mobile workers and families.
- The benefits of open data in Dublin and real time transport information are already evident.

[“The testbed city is a great approach but are we actually delivering on these small pilots and telling this story?”](#)

### **2.3.4 Ideas and Initiatives Proposed**

Interviewees were asked for their ideas for Dublin through which Dublin could maximise its potential. There were no parameters set for “big ideas” so that interviewees were free to express their idea(s) either as a singular one or as a group of ideas which could either be connected or disparate. Interviewees were asked however that their idea related to Dublin. The ideas expressed are varied consisting of opinion on the need for investment in hard infrastructure, smarter systems and thinking, engagement initiatives, amongst others. Interviewees were also asked what the major positives of Dublin were and what were the key challenges facing the city region today and into the future. These are included in the SWOT in section 2.2.3 “Opportunities”. Ideas were a mixture of strategic to fine grain.

- The most frequently mentioned ideas were: leveraging existing FDI clusters, Growing creative industries and green and marine services, championing the cities assets from the natural to the city vibe; increasing transport options, expanding the tourism offer and ensuring Ireland remains connected globally.

Other ideas included:

- Re-imagining the city region through a kind of “strategic incrementalism.” The easiest way of developing a collective vision is to ask ourselves what makes the city region proud and what embarrasses it - build on the former and eliminate the latter.
- Sharing research resources and the use of open data is critical to city functioning.
- Collaborating to market the city as a global destination for talent and investment.
- Developing a competitive edge was mentioned on numerous occasions through branding, events and targeted investment
- Identifying assets and building a brand based on the strongest ones, for example, creating Europe’s most water resilient city and maximising the extra capacity of the airport.
- A common suggestion offered on a number of occasions by interviewees was to develop the fabric of the city in a number of targeted areas. “We should be striving to build clusters of small areas - a city of towns or local neighbourhoods similar to the London model.”
- To bolster tourism it was suggested that trade engagement was the most critical action required. This involves marketing, event attraction and promotion and business improvement. Expanding the tourism marketing offer to include more areas adjacent to or outside the city region
- There was a general feeling of support towards a Directly Elected Mayor (DEM). It is seen as a means to increase democratic accountability and to increase the influence of the citizen in their city.
- Realising the potential of the Diaspora was mentioned on a number of occasions and it was felt that having a figure head (DEM) for Dublin would assist this realisation.
- Growing sustainable alternative regions and Gateways: in general interviewees believed that the term counterbalance was outdated. At the same time many interviewees respected the goal of the National Spatial Strategy (NSS) to bring about balanced regional development. Building on the increased motorway connectivity to Dublin using the M1 economic corridor as an example of how economic corridors can be successful and developing Cork-Shannon as a viable alternative growth corridor were mentioned as ideas.

### 3 Key economic policy areas of consideration

Section 3 is divided into a number of sections central to the core of this study. These sections are reflective of the key areas of concern or interest of the interview process. Each section is split into a number of sub-sections. An introduction gives a brief background supported by quantitative data, namely from primary sources. A comparison between Dublin and the State is drawn where appropriate. Global benchmarks are then used to assess Dublin's (or Ireland's) performance internationally. Finally, a "*perception from interview*" section is added. This sub-section is based directly on interview feedback relating to the given topic. This process allows the reader to form their own opinion based on the hard data and the feedback received from key regional and other stakeholders. The intention is to draw a roadmap based on local data, global metrics and expert opinion for how Dublin and Ireland can collectively increase their competitiveness in the global market place.

Key issues which emerged from the study indicating priority areas which were significant in terms of future economic development are:

- Enterprise Activity,
- FDI,
- Knowledge Activity,
- the role of Local Government,

These four key areas are examined in this report, namely, the role of FDI, Enterprise Activity, Knowledge Activity and the Role of Local Government while **Singular Priority Issues** will be the subject of on-going research by the UCD research team and will provide a very useful basis for engagement with stakeholders in the future.

Singular priority issues include:

- **Connectivity including Transport and Route Development and Digital Infrastructure,**
- **Strategic Economic and Transport Corridors,**
- **Tourism**

Reports on these issues are being drafted with an intention to release working documents in the coming months.

### 3.1 Background to FDI in Dublin: The role of Multinational Enterprises (MNE's)

<sup>50</sup>Dublin has world class research and higher education facilities, attracts record amounts of Foreign Direct Investment (FDI) and trade and is a successful destination for international tourism <sup>51</sup>. It is an open and connected hub in the global economy, particularly through its advanced services economy – a world leader, in particular, in IT and Financial Services.<sup>52</sup> One of Dublin's biggest assets is the concentration of multinationals based there as a result of a pro-business national policy agenda<sup>53</sup>. It consistently performs strongly in wealth and quality of life indices<sup>54</sup> and Dubliners are generally upbeat about life in the city with over 80 percent positive about living, working or studying in the city<sup>55</sup>. The salient point is that Dublin as Ireland's only city of international scale should be championed as Ireland's international competitor city as FDI increasingly prefers metropolitan areas for investment.

Ireland has a hugely successful track record in attracting FDI with 8 out of the top 10 ICT and pharmaceutical firms, 15 of the top 25 medical device firms and more than 50 per cent of the world's leading financial service firms located there. FDI, it is estimated, is responsible for 240,000 jobs in total nationally, 50 per cent of corporation tax incomes and €10 billion of exports.<sup>56</sup> Leading web companies, such as Google, Facebook, LinkedIn and Paypal have located their European headquarters in Dublin often within or in close proximity to the 'Silicon Docks' in Dublin City, an area which is rapidly emerging as a leading ICT cluster. In the past many firms located in Ireland for tax reasons, but many have since recognised the high-quality business environment and have increased the scale of operations:

“Dublin is keeping Google up and running. If the lights were to go out in California, Dublin would maintain Google worldwide”  
Nelson Mattos, vice-president of engineering for Google EMEA<sup>57</sup>

Essential to these companies is a large pool of talented labour. Sheryl Sandberg, Facebook Chief Operating Officer has said:

“The talent pool in Dublin is world-class and recruiting local talent will help us better understand the needs of local users and the regional dynamics that, in turn, can give us better insight into what features matter most.”<sup>58</sup>

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<sup>50</sup> (For a more detailed version of this section see Appendix 5)

<sup>51</sup> Time Higher Education Rankings, 2012; Financial Times (2012), FDI Benchmark, 2012; IBM Global Business Services, Global Location Trends, 2010

<sup>52</sup> Globalization and World Cities (GaWC) Research Network, Benchmarking Dublin, 2010; Price Waterhouse Cooper (PWC), Cities of Opportunity, 2012; Industrial Development Agency (IDA) Ireland, 2012. Ireland Vital Statistics

<sup>53</sup> World Bank Ease of Doing Business, 2011; European Cities Monitor, 2011

<sup>54</sup> Cudden, J., O' Leary, H., Quality of Living Report, 2010

<sup>55</sup> Your Dublin Your Voice, Topline Commentary, 2012, Millward Brown Lansdowne, Dublin Survey, 2010

<sup>56</sup> Horizon 2020, IDA Ireland Strategy

<sup>57</sup> Dublin as an Open City, 2011

<sup>58</sup> Dublin as an Open City, 2011

National policy and government supports have been central to Ireland becoming a leading investment destination. Despite current national policy (see the DJEI *Action Plan for Jobs 2012*) which favours locating 50 per cent of new industry outside both Dublin and Cork many investors in the knowledge based sectors look to Dublin first. This is evidenced by the fact that over 50 percent of national FDI investment is located in the Dublin City region.<sup>59</sup> The ACRE<sup>60</sup> project attributed this attractiveness to the critical mass that cities in general provide, in terms of city size and scale, skilled labour, good universities and favourable urban amenities, which seem to attract investment. The strategy for attraction of FDI capitalises on the strong collaboration between the State, the education sector and private firms, and the existence of first-rate business environment and regulatory environment. These elements are regularly highlighted as critical in international benchmarks (see Section 3.1.8).

### **3.1.1 Examination of IDA Announcement data and IDA Locations**

This section examines the nature of FDI investment in Dublin and Ireland. There are two aspects to the analysis:

- 1) Analysing and mapping the data recorded by the Industrial Development Agency (IDA) including announcements and site locations both of which are listed on the IDA website [www.idaireland.ie](http://www.idaireland.ie). Dublin City Council (DCC) in collaboration with UCD have geocoded and mapped all of the IDA site locations and company announcement data (up to April 2012) to better understand the spatial distribution of investment in Ireland. This may be the first time that these datasets have been mapped into GIS.
- 2) Measuring Ireland and Dublin's FDI performance in the international context. Currently Dublin City Council utilise data to benchmark the city sourced from the FT, FDI magazine, Ernst and Young, IBM and UNCTAD and other sources as part of their city indicators and international benchmarking research programme.

IDA site locations were extracted from the IDA Ireland website for the period extending to March 2012. In total there were 771 records of which 756 were mapped to a specific location. The following fields were captured in this dataset: Company Name, Sector, Nationality of the company and its full address.

The address information was matched against the National An Post Geo-Directory<sup>61</sup> file and linked to an easting and northing. Almost 70 per cent of the records matched using geo-coding software<sup>62</sup>. The remaining 30 per cent of the records were manually matched. Once the records were geo-coded this allowed a county, enumeration district and a Dublin postcode (where appropriate) to be added to the dataset.

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<sup>59</sup> Financial Times FDI benchmark, 2010

<sup>60</sup> ACRE, Report 8.13, 2009

<sup>61</sup> <http://www.geodirectory.ie/>

<sup>62</sup> Department of Education GIS and forward planning unit

Financial Services (29 per cent) and ICT (21 per cent) in particular account for half of all IDA supported sites in Ireland<sup>63</sup> (See Figure 3.1 pie chart)

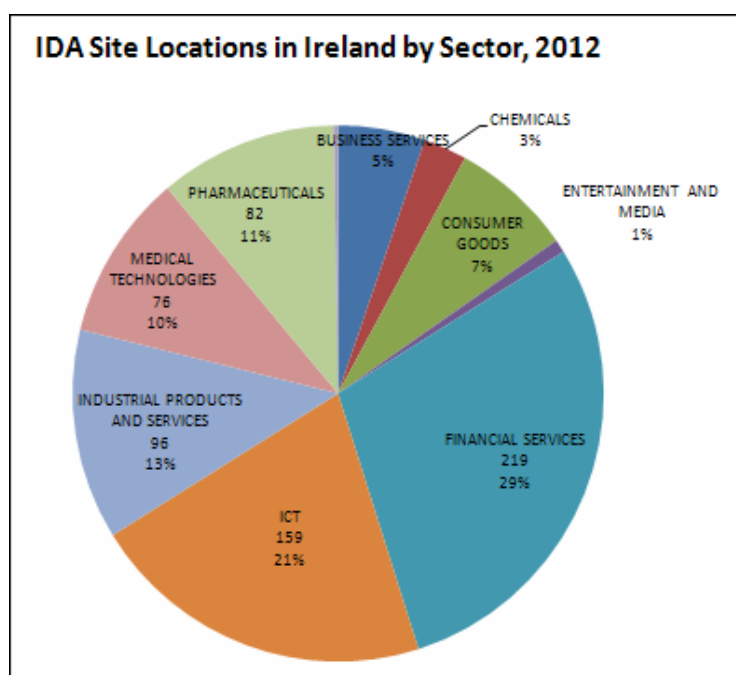


Figure 3.1: IDA Site Locations (IDA Announcement Data, 2012)

### 3.1.2 The Geography of FDI in Ireland (IDA sites)

Table 3.1 demonstrates the regional breakdown of IDA site locations in Ireland by number. Dublin and Cork dominate with over 60 per cent of all site locations. Dublin accounts for just over 47 per cent of IDA site locations.

Row Labels	Dublin	Cork	Galway	Limerick	Waterford	National Total
BUSINESS SERVICES	19	10	1	2	1	40
CHEMICALS	6	5	0	3	0	20
CONSUMER GOODS	14	6	0	2	5	56
ENTERTAINMENT AND MEDIA	5	1	0	0	0	6
FINANCIAL SERVICES	189	5	3	2	2	219
ICT	76	30	16	8	1	159
INDUSTRIAL PRODUCTS AND SERVICES	14	15	7	4	5	96
MEDICAL TECHNOLOGIES	8	8	13	5	2	76
PHARMACEUTICALS	24	22	0	0	5	82
TRANSPORTATION	0	0	0	0	0	2
Total	355	102	40	26	21	756

Table 3.1: IDA site locations by broad sector and main counties (source: IDA supported company listings [www.idaireland.com](http://www.idaireland.com))

Table 3.2 shows the regional spread of specific sectors nationally by percentage. Dublin and Cork dominate in the area of Business Services (with 48 per cent and 25

<sup>63</sup> It is important to note that we did not have access to employment number by site – such information would really enrich the quality of the analysis.

per cent of the national totals), Chemicals (with 30 per cent and 25 per cent) and Pharmaceuticals (with 29 per cent and 27 per cent). Unsurprisingly Dublin dominates in the Financial Services sector and Entertainment and Media sectors with an over 80 per cent national share. Over half of all the ICT sector locations were in the Dublin region. Cork leads in location of Industrial Products and Services while Galway leads in the area of medical technologies accounting for 17 per cent of the national total. These data can be aggregated to Local Authority level by local as sites are geocoded and linked to ED's. The multi-functional nature of Dublin is the pre-eminent feature of this dataset .

Sector	Dublin	Cork	Galway	Limerick	Waterford	Other Areas	National Total
<b>FINANCIAL SERVICES</b>	86%	2%	1%	1%	1%	8%	219
<b>ICT</b>	48%	19%	10%	5%	1%	18%	159
<b>INDUSTRIAL PRODUCTS AND SERVICES</b>	15%	16%	7%	4%	5%	53%	96
<b>PHARMACEUTICALS</b>	29%	27%	0%	0%	6%	38%	82
<b>MEDICAL TECHNOLOGIES</b>	11%	11%	17%	7%	3%	53%	76
<b>CONSUMER GOODS</b>	25%	11%	0%	4%	9%	52%	56
<b>BUSINESS SERVICES</b>	48%	25%	3%	5%	3%	17%	40
<b>CHEMICALS</b>	30%	25%	0%	15%	0%	30%	20
<b>ENTERTAINMENT AND MEDIA</b>	83%	17%	0%	0%	0%	0%	6
<b>Total</b>	47%	13%	5%	3%	3%	29%	754

Source: IDA investment locations up to 2012 by key gateway cities.

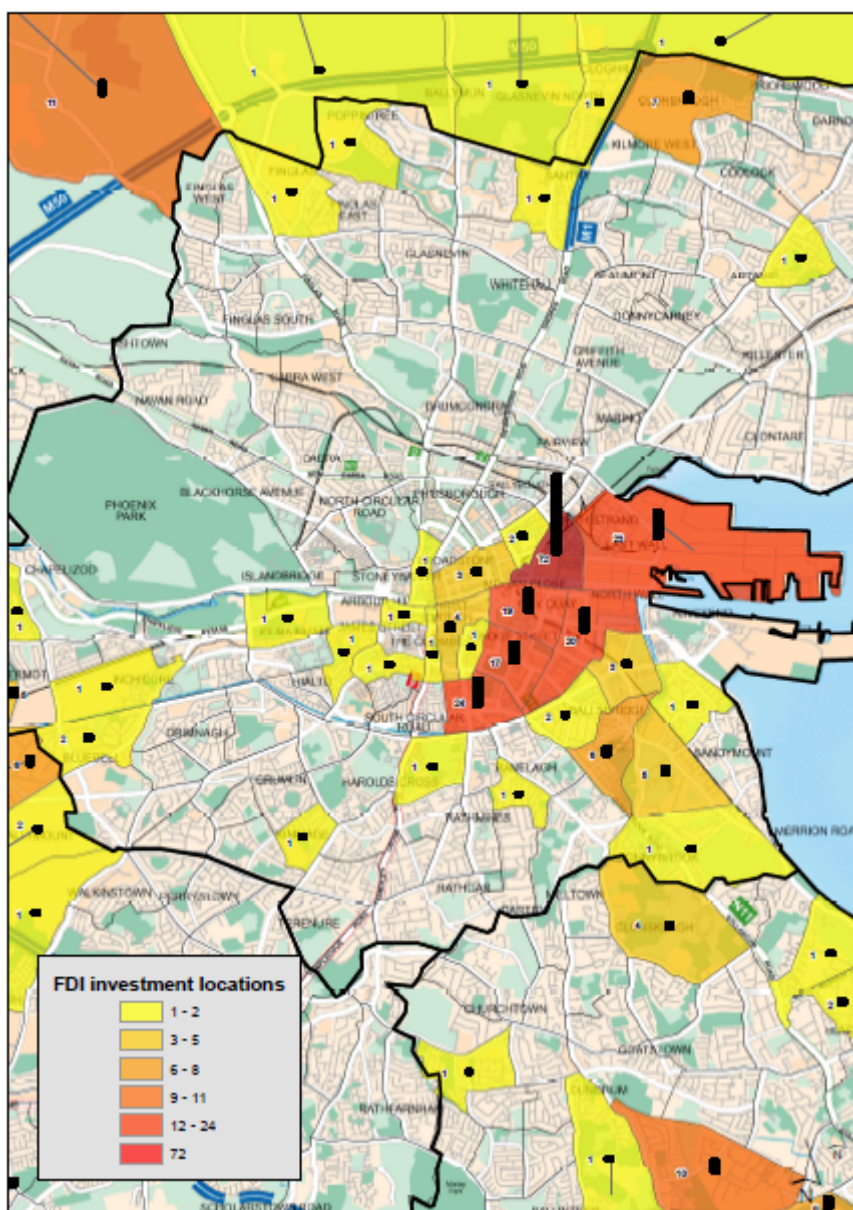
Sectors based on IDA classifications.

**Table 3.2: IDA (2012) site locations by sector type (IDA supported company listings [www.idaireland.com](http://www.idaireland.com))**

The following map (Figure 3.2) shows the clustering of FDI in particular around the IFSC, docklands and city centre locations of Dublin City.



### FDI investment locations by Electoral District (2012)



**Figure 3.2: IDA locations – concentrations in the Dublin city region source: IDA supported company listings [www.idaireland.com](http://www.idaireland.com)**

In a national context Figure 3.3 shows the dispersal of IDA locations with clear concentrations in the key Gateways and Dublin. Figure 3.4 places IDA locations in the context of the Dublin metropolitan area (the continuous urban fabric of the city region). In this context the importance of Dublin and its functional urban region is clearly evident.



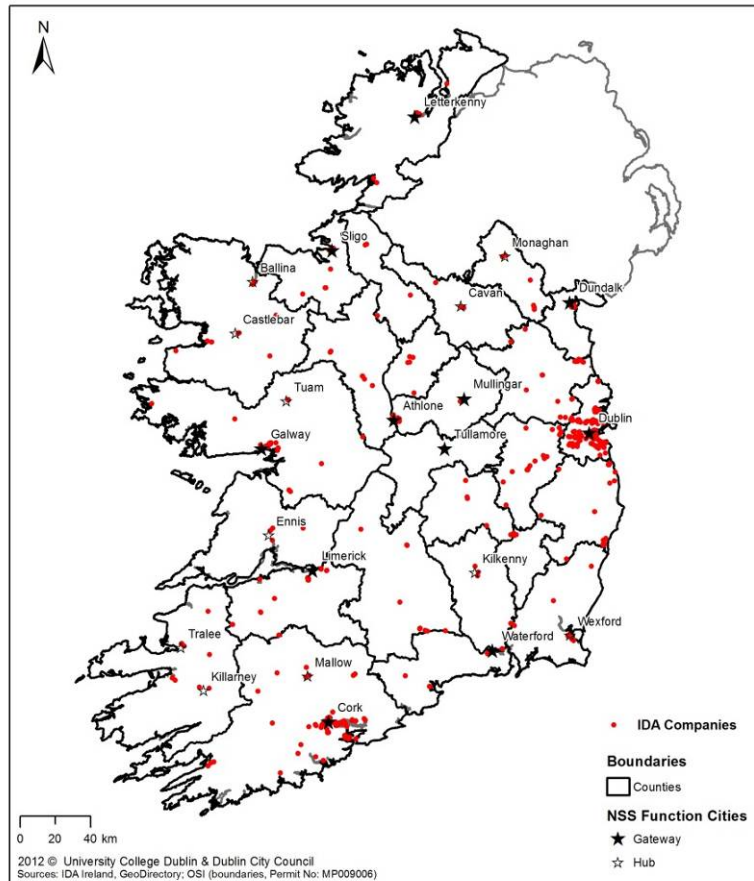


Figure 3.3: IDA Supported companies in RoI in 2012.

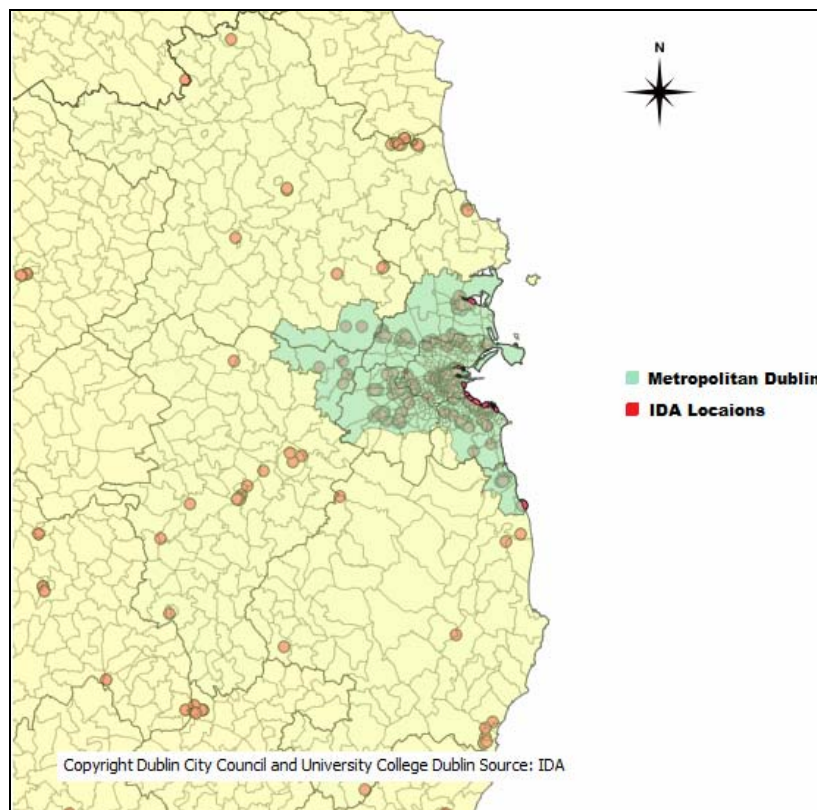


Figure 3.4: IDA, 2012. IDA supported companies in the GDA and Dublin Metropolitan Area Source: IDA supported company listings [www.idaireland.com](http://www.idaireland.com))

### 3.1.3 Origin of FDI into Ireland

Almost half of all FDI sites in Ireland are US owned with Germany and UK accounting for 12 per cent and 8 per cent respectively (Table 3.3).

Country of Origin	Total	As a % of total
UNITED STATES	363	48%
GERMANY	90	12%
UNITED KINGDOM	64	8%
NETHERLANDS	32	4%
FRANCE	27	4%
ITALY	25	3%
<b>Total IDA sites</b>	<b>756</b>	<b>1</b>

Table 3.3: (IDA, 2012) Origins of FDI in Ireland. source: IDA supported company listings [www.idaireland.com](http://www.idaireland.com))

The US accounted for 80 per cent of all investments in 2011. It is interesting to note that there were no investments from the UK in either 2010 or 2011. Services are increasingly dominating in terms of new investments, accounting for almost 80 per cent of all new announcements (2007-2011).

### 3.1.4 IDA announcement data

In total there were 304 IDA supported FDI announcements recorded from 2007 up until the end of 2011 (Figure 3.5). There were 79 announcements in 2011 representing a significant increase from 38 in 2007 (a 50 per cent increase). This is a testament to Ireland's improvement in international competitiveness from a perceived low point of 2007. Ireland is now one of the top performing European countries in relation to FDI projects attracted per capita<sup>64</sup> (see section 3.1.8 on International Benchmarking of FDI)

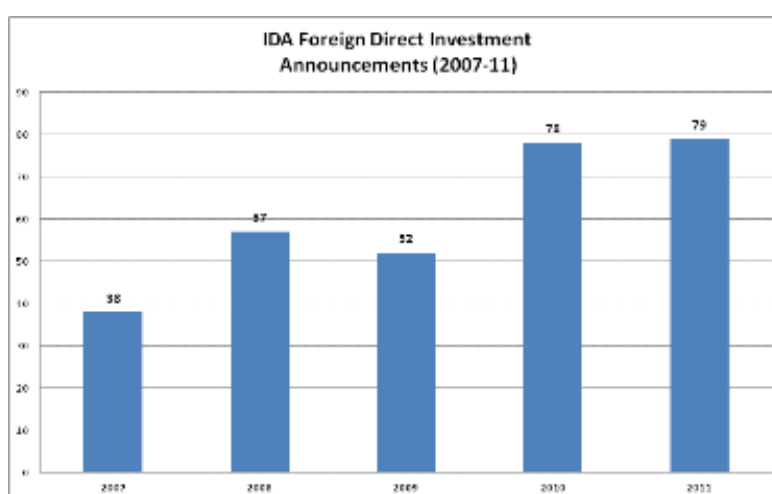


Figure 3.5: IDA announcement data 2007-2011 (IDA Announcements taken from IDA website)

<sup>64</sup> Ref: IBM location trends, FT FDI markets, Ernst&Young

### 3.1.5 Regional Distribution of FDI announcements

When broken down by region it can be seen that Dublin generated 122 of all the FDI announcements (or over 40 per cent of the national total) over the period while Cork and Galway accounted for 16 and 12 per cent of the national total over the 5 year period (Figure 3.6).

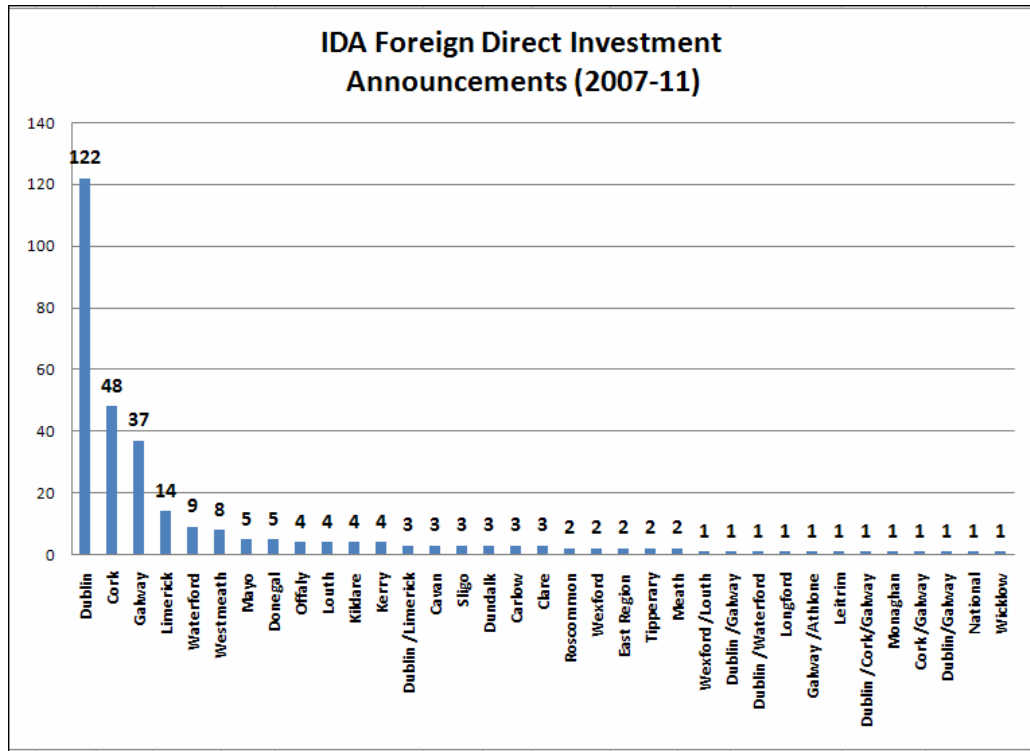


Figure 3.6: IDA Foreign Direct Investment Announcements 2007-2011 by County Location

Of note is the fact that while Dublin accounted for 26 per cent of FDI announcements in 2007 and 30 per cent in 2008, in the years 2009 and 2010 it accounted for 48 per cent and 50 per cent, respectively. It accounted for a more modest 39 per cent in 2011. Cork on the other hand while accounting for 16 per cent in total over the period 2007 to 2012 had a proportion of 21 per cent and 19 per cent in 2007 and 2008 respectively. Galway is the third city in terms of FDI announcements with 12 per cent of the total over the period. These Gateways are the main the destinations for FDI.

### 3.1.6 Job Creation

According to All-Ireland Research Observatory (AIRO, Table Extraction, 2012) figures the numbers of permanent FDI jobs in Dublin declined in the period 2007-2011 from 53,175 persons to 51,910 persons, representing a decline of 1,265 persons in IDA supported employment in the city region (AIRO, IDA Jobs Created and Lost by County, 2007 – 2011). Figure 3.7 is extracted from the AIRO website shows that over 1000 fewer jobs were created in Dublin in 2011 than 2007 despite its attractiveness as a location for FDI. This may be attributable to the changing nature of FDI and a transition to a more specialised high skill economy.

# IDA Ireland Jobs Created and Lost by County and by Region from 2007 to 2011



ALL-ISLAND RESEARCH OBSERVATORY  
An Tionad Breathnaithe um Thaighde  
Uile-Éireann

Select IDA Category to View

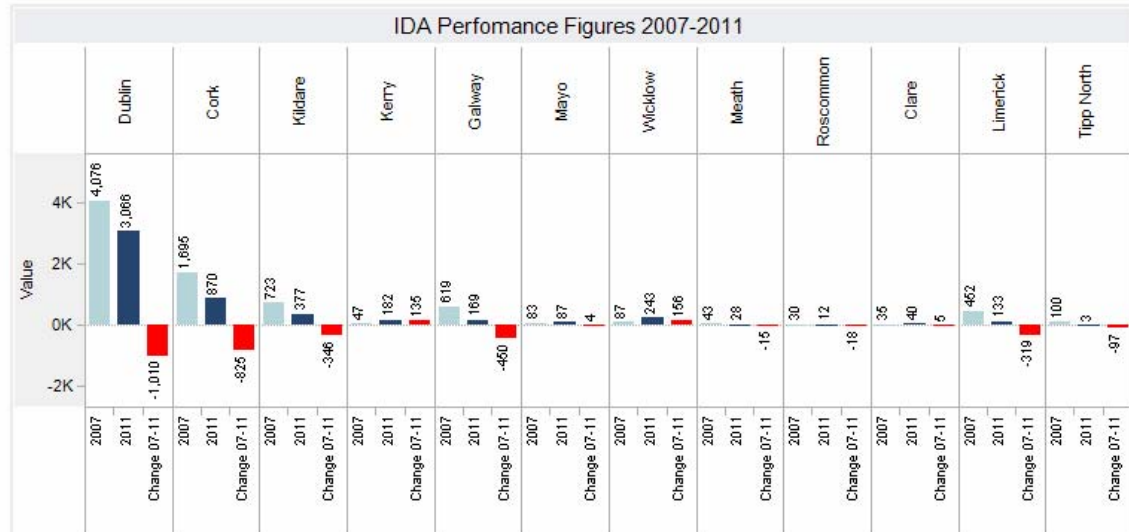
Job Losses

View by Region

- ☐ Border
- ☒ Dublin
- ☒ Mid East
- ☒ Mid West
- ☐ Midlands
- ☐ South East
- ☒ South West
- ☒ West

Select Year to View

- ☒ 2007
- ☐ 2008
- ☐ 2009
- ☐ 2010
- ☒ 2011
- ☒ Change 07-11



Change 07-11 contains values for IDA categories Number of Companies, New Jobs, Permanent Employment and Job Losses only.

Figure 3.7: IDA Jobs Created and Lost between 2007 and 2011 (AIRO, 2012)

### 3.1.7 The Geography of FDI in Ireland (IDA announcements)

The announcement data that was publicly available was linked to the IDA site locations and given geographic co-ordinates. 181 announcements were linked to an existing IDA site location as listed on the IDA website. Many of the recent announcements that are recorded on the IDA site have not been updated to reflect their newly established locations. In some case the operation has yet to be established in Ireland. Nonetheless, this process allows the mapping and linking of locations with Dublin local authority as well as the enumeration district. These data and spatial outputs are intended as a visual guide only for announcements and are not fully representative of all announcements and patterns.

Table 3.4 shows a breakdown by selected individual local authorities. Notable trends include the dominance of Cork in the Pharma sector – attracting over 10 investments since 2007, ICT and Financial Services into Dublin and Medical Technologies into Galway.

	Dublin Region	Dublin City	Fingal	DLR	South Dublin	Galway City	Cork City and County	Limerick County	National Total (including all other counties)
Business Services	4	2	1	1			1		7
Chemicals							1		1
Consumer Goods	1				1		1		7
Entertainment and Media	10	5	5				2		12
Financial Services	15	13		2			3	1	29
ICT	31	12	11	6	2	6	15	3	64
Industrial Products and Services	2				2	1	1		6
Medical Technologies	2		2			5	3	3	30
Pharmaceuticals	6		3	1	2		10		25
Total	71	32	22	10	7	12	37	7	181

Table 3.4: IDA announcements by broad economic sector.

### 3.1.8 International Benchmarks and other Metrics

The IMD World Competitiveness Report (2012) analyses 59 countries on their attractiveness for investment according to 329 different criteria. Ireland, very encouragingly, moved from 53<sup>rd</sup> place in 2008 to 20<sup>th</sup> in 2012. Ireland was ranked first in four categories, and is thus the world leader in terms of the availability of skilled labour, the flexibility and adaptability of our workforce, investment incentives, and attitudes towards globalisation. Furthermore, Ireland received second place for business legislation, openness to foreign investors, for large corporations that are efficient by international standards, and for adaptability of companies.

Other selected rankings also place Dublin and Ireland favourably in international rankings.

1. In the Cushman and Wakefield *European Cities Monitor* Dublin has in recent years consistently ranked first under the category of the climate that the government creates for business (2011). However, there is scope for improvement in “familiarity” of Dublin to investors internationally and areas such as internal transport, quality of life and perception of pollution. Dublin improved its ranking from 26<sup>th</sup> to 16<sup>th</sup> in terms of languages spoken.
2. In the Ernst and Young (2010) *European Attractiveness Report* Dublin is ranked the 8th most attractive city for inward investment in Europe in 2010. Investors continue to come to Ireland primarily for its low tax rate, its highly skilled workers and, since 2008, its increasing cost competitiveness.
3. In Site Selection Magazine’s *Global Best to Invest* **Ireland** is the best location to invest in Europe based on business environment and risk, infrastructure and accessibility and a survey of global site consultants. **Dublin** tops the list in Europe for metropolitan cities followed by Frankfurt, Edinburgh and Birmingham.
4. Ireland is ranked first for investment projects and second for inward investment per capita according to IBM’s 2011 *Global Investment Trends Report*
5. NIB/FDI intelligence’s *Inward Investment Performance Monitor* (2011) ranks Ireland as the second most attractive country globally for FDI.
6. According to the World Bank’s 2012 *Ease of Doing Business* rankings, Ireland ranks 10th worldwide for ease of doing business, behind a number of small economies but also some larger countries, including the US (4th), the UK (7th) and Korea (8th). Ireland’s ranking fell two places from 2011, which was contributed to poorer relative performances in registering property and enforcing contracts

### 3.1.9 Perception from Interviews

This section takes interview feedback and relates it to the evidence from sections 3.1.1-3.1.8.

It was widely acknowledged by the large majority of interviewees that Dublin is the only city in Ireland that has the appropriate scale to attract many of the companies that have located here in recent years. It was also clear from interviews that Dublin was not competing with Cork, Galway or Limerick in many of these investments but was competing against the likes of Singapore, Amsterdam and Glasgow.

There was widespread agreement that Dublin is the only city that has the scale to attract appropriate FDI investment and that many global cities will only generally get shortlisted if they have a metro population of over 1.5 million. Research further demonstrates how small Dublin is in the international context.

“Dublin is the power engine with a strong and natural gravitation there; splitting 50 per cent of FDI outside of Dublin and Cork is a political decision rather than one based in reality”

There was:

- widespread acknowledgement that Dublin was the only city of international scale and the magnet for FDI across the majority of sectors.
- an appreciation that in many cases it is not feasible to direct investment outside the Dublin region (6 interviewees mentioned this). In fact many of the global companies have already shortlisted their priority locations across a number of global cities and have picked Dublin on this basis.
- acknowledgement that any investment attracted to Ireland in the current economic context has to be seen as a good thing (over 50 per cent of interviewees made this point). While Dublin is certainly dominating the other gateways of Cork and Galway are still performing well.
- equal acknowledgement that other Gateways had carved out expertise in certain sectors such as bio-pharma and medical technologies. When queried on the necessary infrastructure and skills for FDI, Dublin, Cork and Galway were frequently cited as the only places that have the necessary qualities for business attraction.
- an expression given by the majority of interviewees that the extensive investment in the road network across the GDA and beyond has improved Dublin proposition for investment as it now has access to a larger potential labour force. It is now a lot easier to commute to jobs in the GDA due to the improved infrastructure but also due to the reduction in congestion.
- a belief that cost competitiveness has improved but some interviewees felt that it was still undermining the city region's attractiveness.
- a belief that the critical mass of talent and global companies located in Dublin would continue to be a major factor in attracting more investment to Dublin. The power of the cluster was mentioned on a number of occasions as a real advantage for Ireland and Dublin. One of the key challenges identified was talent and the ability of global cities to attract the brightest and best internationally. It was expressed on numerous occasions that it is essential that Dublin continues to draw from this international talent pool. There is a global shortage of skills so a real differentiator is the ability of a place to attract this talent.

### ***Exploring Markets***

The success of attracting FDI investment from the US in particular was discussed with interviewees with over 80 per cent of all announcements in 2011 coming from the US. From the CEO level downwards in the IDA there is an absolute determination to retain our advantage in relation to the US market, it was stated on two occasions. However, there was also broad level acknowledgment that we need to be focusing our attention on the BRIC countries and in particular China. This was discussed by many of the interviewees.

However there was a recognition that these opportunities are probably related more to growth in consumerism and the domestic market as opposed to sourcing mobile investment to Ireland.

Natural linkages with BRIC countries will develop over time it was stated on a number of occasions. India has the greatest potential for Ireland and the IDA is

currently trying to tap into this. The common language between the countries was identified as an advantage.

Future growth it was felt will come from MNE expansion into high growth markets as Ireland is increasingly positioning itself as a global integration hub which is serving these markets.

In addition, it was expressed that Ireland serves the European market and as such has to concentrate on providing the appropriate language skills. There were also discussions as to the current state of the labour force.



## 3.2 Enterprise Activity and Overall Business Activity Trends

<sup>65</sup>Firstly, the Dublin Regional Authority (DRA) carried out an analysis of enterprise in the Dublin region with key stakeholder input in 2009. This document is a comprehensive and strategic starting point from which to access enterprise activity in the region. Its recommendations include harnessing entrepreneurial talent, strengthening the SME base, deepening the commitment of existing FDI and attracting knowledge intensive FDI enterprise activity in Ireland. <sup>66</sup> In brief, it recommends a Dublin Enterprise Forum to develop a common sense of purpose and build on the genuine goodwill to progress the Dublin region that exists. The entrepreneurial advantage of world cities due to factors including education, knowledge spill-overs, the existence of specialized markets and sophisticated infrastructure are referenced.

This section therefore, specifically seeks to look at enterprise activity across the country mainly through quantitative examination of the CSO *Business Demography* data and statistics.<sup>67</sup> It provides a comparison between Dublin and the rest of the country, showing that the Dublin market has maintained enterprise creation resilience and offers greater levels of opportunity for emerging business. Coupled with an export led recovery, the growth of the knowledge economy enterprises and their propensity to cluster in urban areas there is arguably an emerging body of evidence which points up heightened opportunity in key urban centres. It is this clustering effect which may give indigenous enterprises added benefit as Ireland looks to grow a long term sustainable, globally connected and knowledge economy indigenous enterprise base.

There are approximately 20 SME's per 1000 inhabitants in Ireland according to the European Commission which is about half the EU average. Ireland across all business generally has less companies per capita than the European average.<sup>68</sup> The Department of Jobs Enterprise and Innovation (DJEI) estimates that the 230,000 SME's in Ireland contribute about €10 billion to the Exchequer annually and over half of total private sector employment. The advent of the digital age means that more Irish businesses are now able to access global markets. Enterprise Ireland, for example, estimated in 2011 Irish owned indigenous firms were responsible for 6.4 per cent of exports to China.<sup>69</sup> At the same time only 10 per cent of total exports are from indigenous Irish business with over half going to the U.K.

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<sup>65</sup> (For a more detailed version of this section see Appendix 6)

<sup>66</sup> Enterprise Strategy for the Dublin City Region (2009)  
<http://www.dra.ie/dynamicdata/asset/09%20Sept%20FINAL%20Enterprise%20Strand%20document.pdf>

<sup>67</sup> Business Demography Data are available from the CSO by following the link below:  
[http://www.cso.ie/px/pxeirestat/database/eirestat/Business%20Demography%20NACE%20Rev%202/Business%20Demography%20NACE%20Rev%202\\_statbank.asp?sp=Business%20Demography%20NACE%20Rev%202&Planguage=0](http://www.cso.ie/px/pxeirestat/database/eirestat/Business%20Demography%20NACE%20Rev%202/Business%20Demography%20NACE%20Rev%202_statbank.asp?sp=Business%20Demography%20NACE%20Rev%202&Planguage=0)

<sup>68</sup> [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2008/ireland\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2008/ireland_en.pdf)

<sup>69</sup> <http://enterprise-ireland.com>

Business Demography headline figures released by the CSO in June 2012 revealed that there were over 195,000 enterprises recorded as active in the private business economy in Ireland in 2010, with nearly 1.24 million persons engaged (employees and family members).<sup>70</sup> This represented a decrease of 5.4 per cent in enterprises and 5.5 per cent in persons engaged from the previous year, 2009 (CSO, 2012c). The Business Demography data reports that more than 24,000 businesses ceased during 2009, resulting in a loss of nearly 35,000 jobs. “Construction” was hardest hit with 17.1 per cent of enterprises in this sector ceasing during the year and with an associated loss of 7.7 per cent of jobs. “Real Estate Activities”, with 11.6 per cent of enterprises closing, and a loss of 6.9 per cent of jobs was similarly hard hit.

The examination of data below shows the performance of Dublin and the State by looking at trends overall, by a broad services/non services split as well as by looking at the construction and ICT sectors.

### 3.2.1 Business Demography General Trends

Table 3.5 shows that SME’s in Dublin have consistently made up between 97 and 98 percent of all businesses active. This clearly highlights the importance of these enterprises to the business fabric of the city region. Enterprises in Dublin with over 250 employers account for just under 0.5 per cent compared to under a quarter of one percent (0.23 per cent) nationally.

	Year	Area	Under 10 persons	10 - 19	20 - 49	50 - 249	250 and over	% SME
<b>Active Enterprises</b>	2006	<b>Dublin Region</b>	50479	3693	2435	1259	298	97.32
	2007		51914	3789	2514	1365	313	97.20
	2008		52669	3765	2492	1334	315	97.28
	2009		53611	3344	2141	1117	289	97.68
	2010		51553	3163	2006	1048	276	97.72

**Table 3.5: Active Enterprises in Dublin from the Business Demography report 2010 (CSO, 2012c)<sup>71</sup>**

Table 3.6 shows figures for Active Enterprises in the State (excluding the Dublin Region). The pattern between 2006 and 2010 is similar to that found in Table 3.5 with SME’s consistently accounting for almost 99 per cent of all active business. The

<sup>70</sup> The release covers the whole business economy, i.e. NACE Rev 2 sectors B - N, plus sector P (Education). It does not include the following sectors: Agriculture (sector A); Public Administration (sector O); Health (sector Q); Arts, Entertainment, Recreation (sector R); Other Service Activities (sector S); Activities of Households (sector T); Extraterritorial Bodies (sector U). It is planned that sectors Q, R and S will be included in next year’s release. Agriculture will be linked to the register by the end of 2012 / early 2013, and may be included in future Business Demography releases as various issues need to be clarified with agricultural data.

<sup>71</sup> All Business Demography tables are taken from table BRA18 available at <http://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=BRA18&PLanguage=0>

slightly higher percentage for the State is probably reflective of a concentration of multinational enterprises in the Dublin Region. This is explored in more detail in Section 3.1.

	Year	Area	Under 10 persons	10 - 19	20 - 49	50 - 249	250 and over	% SME
<b>Active Enterprises</b>	2006	<b>State excluding Dublin</b>	138946	8586	4308	1743	203	98.73
	2007		140901	8837	4511	1837	217	98.69
	2008		141120	8334	4281	1742	213	98.74
	2009		133877	7041	3506	1457	192	98.87
	2010		125994	6606	3209	1393	183	98.85

**Table 3.6: Active enterprises in the State (excluding Dublin) from the Business Demography report 2010 (CSO, 2012c)**

Table 3.7 is even more revealing. This table shows that Dublin's percentage of active enterprises increased in the 5 years to 2010. This may back up anecdotal evidence from the interview process which indicated that persons and business were increasingly accessing the Dublin market for business opportunity due to market resilience and an increased ease of access into and out of the city region. The largest proportional increases were for business sizes under 50 persons with an increase of over 2 per cent for businesses under 10 persons; 10-19 persons and 20-49 persons. While the smaller proportional increase in active enterprises in Dublin between 50-249 and over 249 persons is arguably reflective of government policy to redirect larger MNE's out of the Dublin and Cork regions it is also reflective of the resilience and importance of the Dublin city region in times of fiscal austerity and the global downturn. Dublin continues to offer opportunity and access to a stronger market for both smaller established and start-up enterprises. Dublin accounted for over 60 per cent of enterprises employing over 250 persons (over 70 per cent in terms of employment in these large enterprises). Looking at all active enterprises Dublin accounted for 29.5 per cent in 2010 of the national total up from 27.2 per cent in 2006.

	Year		Under 10	10 - 19	20 - 49	50 - 249	250 and over
<b>Active Enterprises</b>	2006	<b>Dublin as a percentage of Ireland</b>	26.6	30.1	36.1	41.9	59.5
	2007		26.9	30.0	35.8	42.6	59.1
	2008		27.2	31.1	36.8	43.4	59.7
	2009		28.6	32.2	37.9	43.4	60.1
	2010		29.0	32.4	38.5	42.9	60.1

**Table 3.7: Dublin's Percentage of Active Enterprises by Business Size (CSO, 2012c).**

The total number of active enterprises in the State dropped over the five year period (for the Business Demography sample) from 2006 to 2010 to 195,431 enterprises a fall of 7.8 per cent. SME's fell by 7.6 per cent during the same period. When Dublin is removed from the State sample the fall in active enterprises is much more pronounced with close to an 11 per cent drop in active enterprises in total and for

SME's between 2006 and 2011. Dublin has actually maintained its total numbers of enterprises and grown its total number of SME's by a moderate 0.2 per cent.

Switching to numbers of persons engaged (employers, employees and family members) Table 3.8 shows that Dublin also increased its share across all business sizes over the five year period to 2010. This raises the question of whether Dublin is taking employment from the rest of the country or the place generating most opportunity. Considering the considerable drop in employment in Dublin and across the State since 2007 it would seem likely that the latter explanation is the most plausible.

			<b>Under 10</b>	<b>10 - 19</b>	<b>20 - 49</b>	<b>50 - 249</b>	<b>250 and over</b>
<b>People Engaged</b>	2006	<b>Dublin as a percentage of Ireland</b>	24.6	30.4	36.4	42.8	68.4
	2007		24.7	30.4	36.2	43.3	70.3
	2008		25.2	31.4	37.1	44.3	71.0
	2009		26.4	32.5	38.5	45.4	71.2
	2010		27.0	32.8	39.0	45.2	72.0

**Table 3.8: Dublin as a percentage of the State for numbers of persons engaged in active enterprises (CSO, 2012c).**

Table 3.8 also shows that 72 per cent of all persons engaged in work in enterprises over 250 persons are located in Dublin. It is effectively the State's home for bigger businesses. For the Business Demography sample of persons engaged Dublin accounted for 42.6 per cent of the workforce in 2006 compared to just over 46.5 per cent in 2010.

Table 3.9 shows that numbers of persons engaged in work in the Dublin Region for the Business Demography sample decreased across all business sizes bar over 250 persons between 2006 and 2010. Dublin's numbers of persons engaged in employment across all active enterprises for the sample fell by almost 7 per cent over the period. Outside of Dublin the fall was 25 per cent. Considering that Dublin more or less maintained its numbers of SME's over the same period the fall-off in persons engaged suggests a drop in persons per enterprise. Table 3.10 shows the ratio of persons per enterprise for each business size category in Dublin between 2006 and 2010.

			<b>Under 10</b>	<b>10 - 19</b>	<b>20 - 49</b>	<b>50 - 249</b>	<b>250 and over</b>
<b>People Engaged</b>	2006	<b>Dublin</b>	96883	49833	73033	122846	272026
	2007		101182	51449	75429	132536	306142
	2008		100689	50849	74644	131221	315977
	2009		93896	45242	64332	111249	285434
	2010		90765	42948	60218	105203	275587
<b>Change 2006-2010</b>			-6.7%	-16.0%	-21.3%	-16.8%	1.3%

**Table 3.9: Numbers of persons from the Business Demography sample engaged in work 2006- 2010.**

			<b>Under 10</b>	<b>10 - 19</b>	<b>20 - 49</b>	<b>50 - 249</b>	<b>250 and over</b>	<b>Total</b>
<b>Ratio of Persons Engaged to Active Enterprises</b>	2006	<b>Dublin</b>	1.92	13.49	29.99	97.57	912.84	10.57
	2007		1.95	13.58	30.00	97.10	978.09	11.13
	2008		1.91	13.51	29.95	98.37	1003.10	11.12
	2009		1.75	13.53	30.05	99.60	987.66	9.92
	2010		1.76	13.58	30.02	100.38	998.50	9.90

**Table 3.10: Ratio of Persons to Enterprise for each business size category 2006-2010 (CSO, 2012)**

The numbers of persons working per enterprise dropped across Dublin over period 2006-2010 suggesting either a general streamlining of business activity, especially in the smallest category (>10 persons) and amongst big business (over 250 persons), the formation of higher proportion of business with only a one or two persons involved and/or a change in the types of business forming with a possibility of higher skilled but less labour intensive employment.

Interestingly, when comparing the Dublin ratio to the rest of the country (excluding Dublin) it is found that the ratio of persons engaged in businesses less than 10 persons to the numbers of these businesses is higher outside of the capital region (Table 3.11). This may be attributable to more family formations for smaller business outside the Dublin region amongst a variety of other possible reasons. The numbers of persons working in enterprises over 250 persons is considerably lower outside of Dublin (203 businesses in the sample) compared to in Dublin (298 businesses) at 586 persons per 250+ Enterprise compared to 999 persons per 250+ enterprise, respectively.

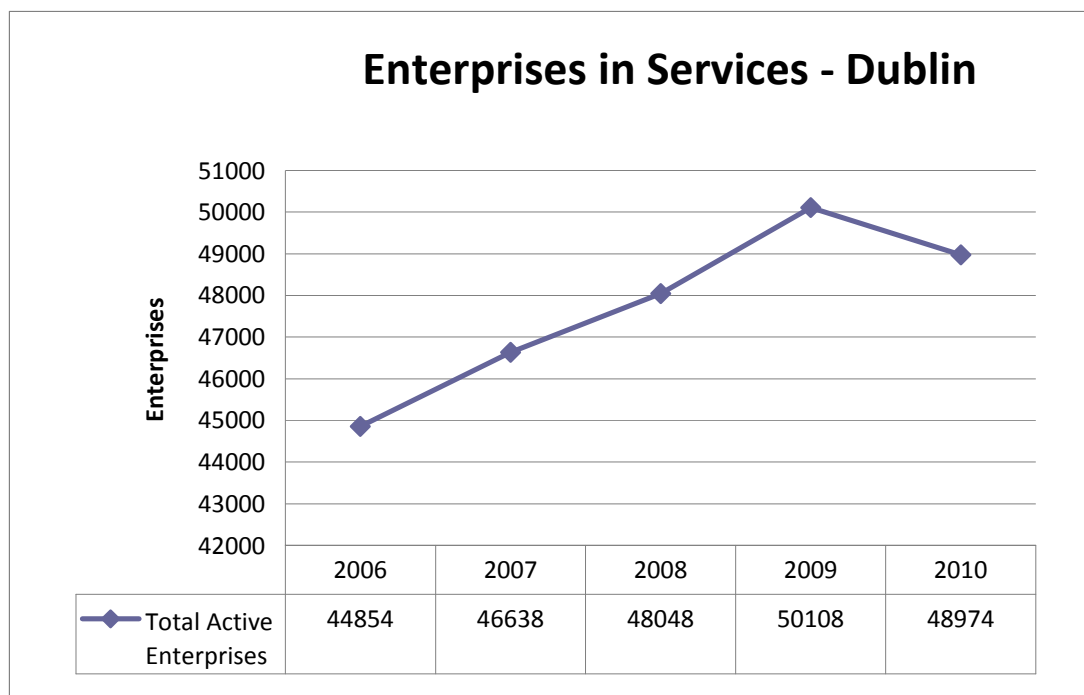
			<b>Under 10</b>	<b>10 - 19</b>	<b>20 - 49</b>	<b>50 - 249</b>	<b>250 and over</b>	<b>Total</b>
<b>Ratio of Persons Engaged to Active Enterprises</b>	2006	<b>State Excluding Dublin</b>	2.14	13.31	29.56	94.09	619.68	5.39
	2007		2.19	13.32	29.52	94.44	596.08	5.51
	2008		2.11	13.33	29.56	94.55	606.61	5.33
	2009		1.96	13.33	29.29	91.99	602.58	4.85
	2010		1.95	13.32	29.37	91.38	586.23	4.82

**Table 3.11: Ratio of Persons to Enterprise for each business size category 2006-2010 (CSO, 2012).**

### 3.2.2 Service and Non Service

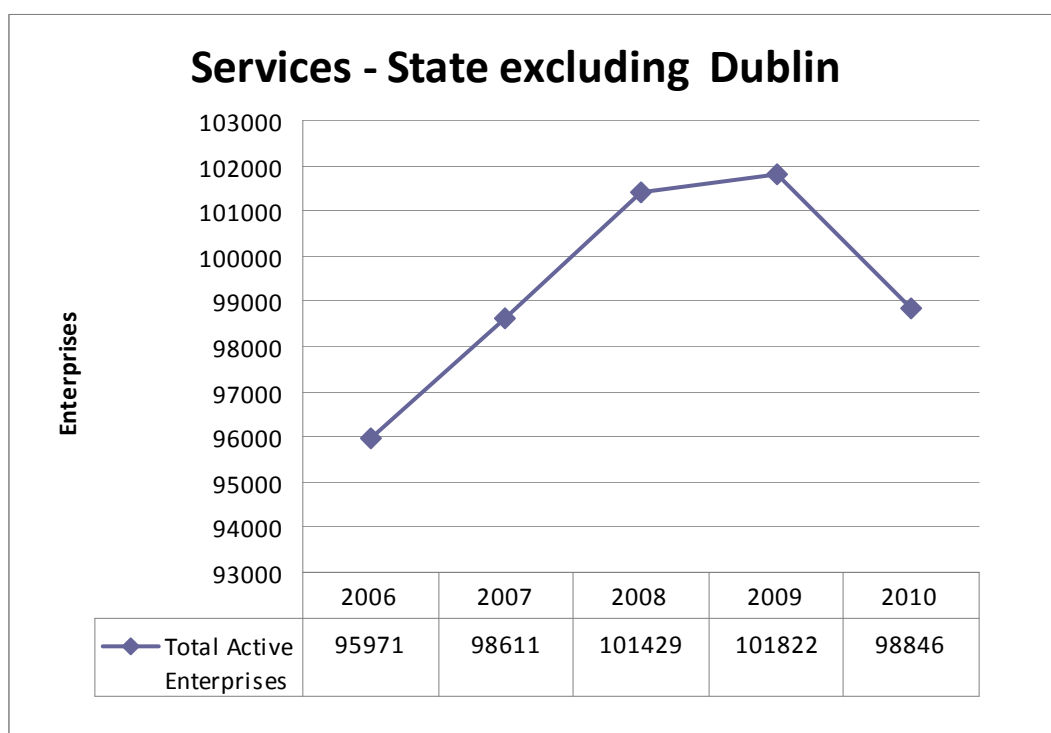
In order to gauge a better understanding of the pattern of business activity across the services and non-service sectors, the sectors available from the Business Demography database were charted over the period 2006 to 2010.

Figure 3.8 shows that the total active enterprises in the service sector in Dublin increased 9.2 per cent from 44,854 to 48,974 over the period to 2010 despite a fall between 2009 and 2010 of over 1000 business. On the other hand non-services decreased by over 26 per cent in terms of active enterprises during the same period to 10,700 businesses. This represents a drop of almost 4,000 businesses.



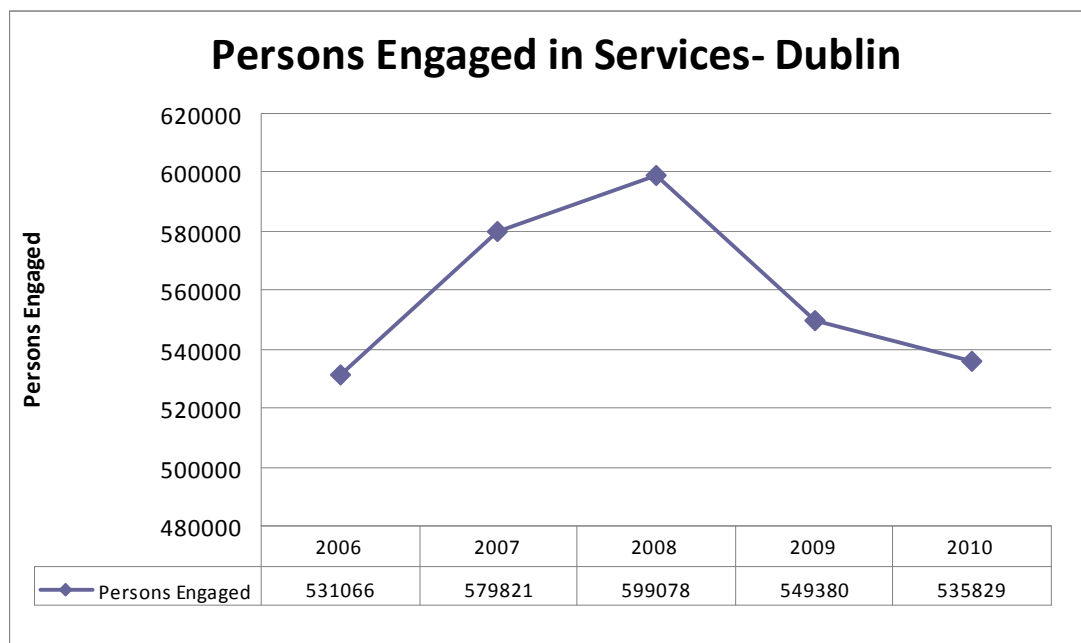
**Figure 3.8: Enterprises Engaged in Service Activities 2006-2010 for Dublin (CSO, 2012)**

Services activity also increased across the rest of the State growing by 3000 enterprises over the period equating to 3 per cent growth (Figure 3.9). Non Services declined on the other hand by almost 29 per cent or by 17,450 businesses.

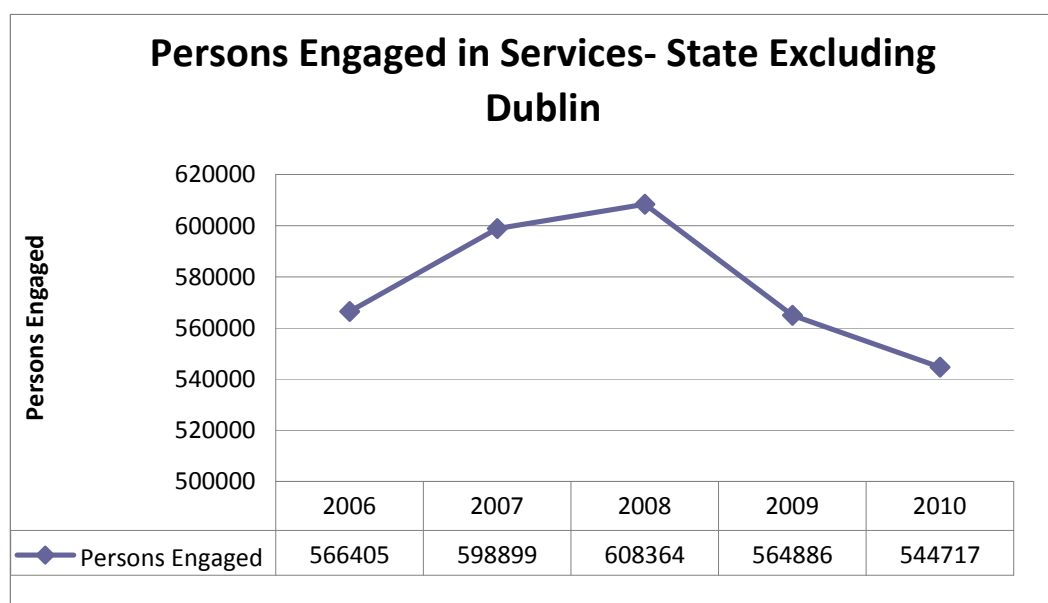


**Figure 3.9: Enterprises Engaged in Service Activities 2006-2010 for the State excluding Dublin (CSO, 2012)**

With regard to persons engaged, the evidence shows that total persons remained the same in Dublin over the period after peaking in 2008 for services but dropped by almost 4 per cent over the period to 2010 across the State (see Figures 3.10 and 3.11).

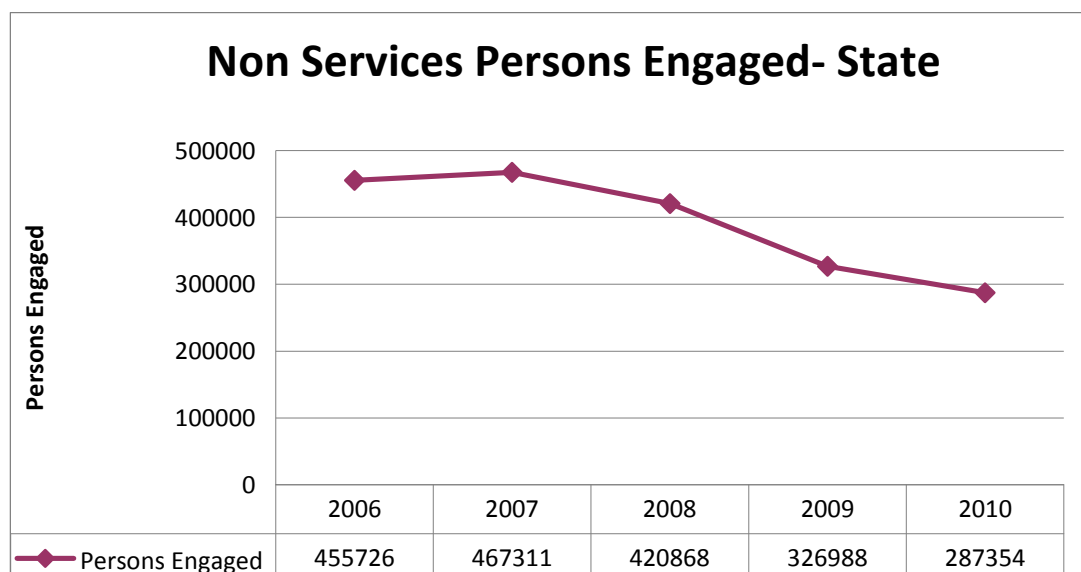


**Figure 3.10: Persons Engaged in Service Activities 2006-2010 in Dublin (CSO, 2012)**



**Figure 3.11: Persons Engaged in Service Activities 2006-2010 in the State excluding Dublin (CSO, 2012).**

Non-Service persons engaged dropped across the State, by over 40 per cent in the Dublin city region, 36 per cent outside of the Dublin city region and 37 per cent in total nationally (see Figure 3.12). The fall in the construction sector is one of the primary reasons for this change in persons employed and engaged in this sector.



**Figure 3.12: Persons engaged in the non-services part of the employment economy.  
Figures for the State between 2006 and 2010 (CSO, 2012c)**

Appendix 6 takes a closer look at one key sector in the Services sector (namely ICT) and one sector in the non-Services sector (construction) reveals interesting patterns of enterprise activity. It shows the level of job losses in the construction sector and the considerable negative impact that this has had on employment in the Dublin and Mid East regions but also the resilience and opportunity that Dublin offers the rest of the country (to its skilled workers and graduates) in the ICT sector

### **3.2.3 Perception from Interviews**

#### **Role of Small Business/ Creative Sectors**

In general there was broad consensus as to the role of government in the nurturing and growing of business in particular start-ups and the creative industry sector. There was also a common feeling amongst interviewees that the balance between facilitation and interference is a delicate line. Government needs to focus its priorities on creating the appropriate environment for business to thrive. Many respondents talked about the collective lack of focus on supporting Irish entrepreneurship and start-ups. The current downturn has however shifted the emphasis back on to this as an important driver of economic potential of Dublin, it was expressed on four occasions. Two interviewees specifically cited the hive of activity around the Docklands and the success of Dogpatch labs which has 20 Companies there with over 7 companies turning over €1 million VC last year.

The need to set the right environment to allow creative industries to thrive was expressed time and again. In this regard cost competitiveness was repeatedly mentioned as a key factor. The key challenges facing SME's were outlined as cost reductions (labour and energy), accessing the right skills, production innovation, fees (legal and financial). There was a feeling expressed by three interviewees that the local authorities could do more to promote where their rates go in terms of provision of local services. While MNE's cover a large proportion of the rates base SME's do feel somewhat aggrieved it was expressed on two occasions. Another big bug bearer was that government do not pay rates on their properties.



The issue of the creative sector also ties in with broadly expressed opinion on broadband infrastructure. There was a feeling expressed by a number of respondents that fibre optic infrastructure would provide a considerable boost to the city region in terms of attracting certain creative industries with mention of the ICT sector and gaming and animations in particular. Three interviewees expressed an opinion that broadband uptake and speed is a (existing and evolving) limiting factor for small business. It was expressed on a number of occasions that Irish businesses are losing out on increased market share due to a lack of online presence.

A number of interviewees also made explicit reference to the need to nurture creative zones around the city. **It was pointed out by one interviewee that research shows from “CEO for Cities” that if at least 6 percent of a neighbourhood’s population works in the Creative Sector that neighbourhood is likely to enjoy greater economic vitality.**

Numerous interviewees in this regard agreed that Dublin had all the advantages of being the “national centre.” However, these advantages meant that businesses that were struggling outside of Dublin had easy and quick access to a market in a better state of health. It was stated on more than one occasion that **improved road connectivity meant that it was easier for regional companies to target Dublin for future business.**

It was also pointed out that not enough SME’s have an online presence and that they need to expand their operations. In the first instance unlocking eCommerce potential would evidently have benefit to the Irish exchequer.

With regard to expansion of business the government initiative of establishing the “potential exporters division” – which fills the gap between the enterprise board and the HPSU unit was mentioned and welcomed by three respondents.

One respondent also noted that around 230,000 SME’s employ over 655,000 people nationally and contribute €10 billion to the Exchequer annually.

### 3.3 Knowledge Activity and Talent <sup>72</sup>

#### 3.3.1 Introduction

<sup>73</sup>It was clear from interviews that in order for Ireland to achieve its smart economy goals and compete internationally, it will have to continue its focus upon the creation, attraction and retention of talent. This section examines the strengths and weaknesses of skills development and talent creation and attraction, the contribution of education to the needs of contemporary society and economy and the consequences for business creation and foreign direct investment (FDI).

Due to our small size in the international context in particular, Dublin and Ireland have had to respond to the opportunities and challenges that globalisation creates. Ireland is now the second most globalised country in the world behind Hong Kong and is forecast to maintain that position until at least 2015<sup>74</sup>. Ireland is the most globalised nation in the western world.

Just as importantly the creation and retention of the smartest and most innovative graduates is required to grow the indigenous enterprise base. A longer term strategy of growing indigenous enterprise is more viable now than ever before with the advent of digital technologies and infrastructure opening up a vast global marketplace that was once beyond the reach of many Irish businesses.

In terms of talent, past national policy was geared towards producing a highly talented and educated workforce rather than focussing on graduate retention. This coupled with a tradition of past emigration means that cross flows and migration were a normal part of labour markets in Ireland. Policy is now turning to recognise that such talent flows can be harnessed to achieve maximum benefits for Irish society and the economy. For instance, the Global Irish Economic Forum was established in 2009 and seeks to engage with members of the Irish Diaspora who are successful in business in politics<sup>75</sup>. It is hoped that through engaging with the Diaspora and the global Irish network, Ireland will receive more FDI, attract more jobs to the country and eventually be in a position to bring emigrants back to Ireland to start up their own businesses.

Though Ireland has been successful in attracting talented migrants one study of Dublin's knowledge workers found that 49.9 per cent of the respondents considered it likely that they would leave Dublin in the three years from 2009, and those who were almost definitely going to leave, 64.1 percent were in the 15-34 age range, exactly the type of worker and or graduate that the city's creative knowledge economy depends upon (Murphy & Redmond, 2009).<sup>76</sup> While this is attributed to the more mobile nature of world labour, rather than relating directly to Ireland's economic circumstances a

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<sup>72</sup> The authors would like to thank Jonathan Waugh for his considerable and invaluable contribution to this section. Jonathan Waugh is an urban and regional planner and research intern working in the Economic Development Unit, Dublin City Council

<sup>73</sup> For a more detailed version of this section see Appendix 7

<sup>74</sup> Ernst and Young (2011), Annual Globalisation Index 2011

<sup>75</sup> <http://www.globalirishforum.ie/>

<sup>76</sup> Murphy, E. & Redmond, D. (2009) "The role of 'hard' and 'soft' factors for accommodating creative knowledge: insights from Dublin's creative class", *Irish Geography*, Vol 42(1), p69-84

more recent survey, the *Hays Migration Survey 2011*, found that three quarters of the professional workforce in Ireland would consider leaving in the next three years if the economic situation does not improve, while a third of respondents have left the country in the past three years for work, some to pursue an opportunity and others because they had no other option.

“Our best and brightest are planning to leave our shores and the survey results show that the Government’s actions are exacerbating an already terrible situation. How are we supposed to build an economic recovery without our graduates?”<sup>77</sup>

Colman Byrne, Managing Director of Student Marketing Network and “oxygen.ie”

There has been a renewed focus on attracting high-tech FDI and on marketing the country as the ‘innovation island’. While it is hoped that this strategy will create many high-value jobs, this strategy necessitates Ireland having a large stock of highly skilled and adaptable workers. The Irish Government’s *Action Plan for Jobs* (DJEI, 2012) which targets the creation of 100,000 jobs to expand the workforce to 1.9 million persons by 2016 targets key sectors where there is significant potential for job creation, such as high-end manufacturing, the establishment of a Health Innovation Hub in collaboration with the life sciences industry, the development of technology for the Green Economy, Cloud Computing and digital games. Each of these sectors are highly dependent on a high-skilled workforce with a mixture of competencies, experience, and particularly in the sales and service sectors, a proficiency for languages.

“The key objective of Ireland’s Smart Economic Growth framework is to make Ireland the innovation and commercialisation capital of Europe- a country that combines the features of an attractive home for innovative multinationals while also being an incubation environment for the best entrepreneurs from Europe and further afield”.<sup>78</sup>

In spite of the economic downturn Dublin is still performing strongly in knowledge intensive sectors and will continue to demand specialist skills. Occupations difficult to source include scientists, the engineering sector including engineers in design, production, quality control and validation, water and waste treatment and energy; senior software engineers and developers; IT professionals with business acumen; industry specific sales and IT development in areas such as bio-pharma; healthcare professionals and sales; and financial professionals. Vacancies in these areas are often highly specialist.<sup>79</sup>

The Workforce Activation Survey of the American Chamber of Commerce found that of the 109 US companies operating in Ireland who responded to the survey 90 percent were recruiting and were looking for 2,000 workers to fill vacant positions in 2011 but many were finding it difficult to find ideal candidates (American Chamber of Commerce, 2011).<sup>80</sup> Up to 30 per cent of vacant positions were taking more than three months to fill reflecting a lack of suitable skills and experience for specific roles.

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<sup>77</sup> Student Marketing Survey (2011), <http://www.oxygen.ie>

<sup>78</sup> Government of Ireland (2008) “Building Ireland’s Smart Economy”

<sup>79</sup> National Skills Bulletin, July 2010

<sup>80</sup> <http://www.amcham.ie/download/Workforce%20Activation%20Survey%20-%20Executive%20Summary%20and%20Results.pdf>

However, this problem is common across developed countries and relatively speaking Ireland has a good supply of skilled labour (Vaugh et al., 2012).

“Skills gaps are emerging....this needs to be addressed urgently to protect future and existing future investments...(while) Ireland remains a good place to do business...competition from countries throughout Europe and Asia is intensifying”

Gerard Kilcommins, President of the American Chamber of Commerce in Ireland

Cities as crucibles of innovation (DCC, 2011)<sup>81</sup> are critical to the speedy transfer of knowledge. This has long been recognized in economic and other literature by the likes of Jane Jacobs, Richard Florida and Peter Hall<sup>82</sup>. Innovation concentrates and succeeds best in cities for a number of reasons, three of which are proximity, density and variety of businesses and talent respectively<sup>83</sup>. Proximity reduces transaction costs, density intensifies learning, and variety increases possibilities such as business start up and investment attraction. This ‘basic urban offer’ makes markets work better, helps firms become more productive and is an ideal environment for knowledge based employment. Changes to processes help drive efficiency and productivity improvements in firms as well as helping to reduce costs and increase profit margins (DCC, 2011). The recent economic downturn has demonstrated the importance for Ireland - and for Dublin of innovating to grow a more diverse economy in order to be more resilient to economic shocks such as the one we are currently experiencing. In this respect talent is a key ingredient in delivering cities that work and innovate.

“Cities not only breed innovation but they also need innovation”<sup>84</sup>.

### **3.3.2 Talent and the strength of Dublin**

The OECD report on Competitive Cities in the Global Economy (2007) states that:

"...successful cities attract talented young highly-skilled workers, are centres of innovation and entrepreneurship and are competitive locations for global and regional headquarters. The proximity of universities to research and production facilities means cities are where new products are developed and commercialised”

Realising the future potential of the Dublin city region is dependent on our ability to innovate. The city needs to be a place where leading companies want to invest, where talented people spin off innovative businesses and a place that attracts talented people. This is particularly important in what are considered ‘high-tech’ and knowledge intensive sectors such as biotech, pharma, software development, and financial services (DCC, 2011).

Much debate has centred on the role of ‘hard’ and ‘soft’ factors. In Dublin a survey of the city’s ‘creative class’ showed that individuals who were not from the Dublin region were attracted to the region on the basis of ‘hard’ factors, such as employment availability, personal trajectories, cost of living and the transport infrastructure

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<sup>81</sup> DCC (2011) Dublin’s Open City Local Action Plan, Dublin City Council

<sup>82</sup> Cities in Civilization: Culture, Technology, and Urban Order gives an account of the urban sources of cultural creativity and technological innovation throughout history, from Athens to Florence, to London, to New York, to Paris, to Los Angeles, to Silicon Valley, and beyond.

<sup>83</sup> *Innovation and the City* (NESTA, 2007)

<sup>84</sup> EU Commissioner for Research, Innovation and Science (Maire Geoghegan-Quinn) at the Conference of the Lord Mayor’s Commission on Employment

(Murphy & Redmond, 2010). The survey found that while ‘soft’ factors’ such as the city’s cultural and social environment played only a limited role in attracting individuals to the city in the first instance they may be an important factor in retaining Dublin’s creative knowledge workforce.<sup>85</sup>

“The talent pool in Dublin is world-class and recruiting local talent will help us better understand the needs of local users and the regional dynamics that, in turn, can give us better insight into what features matter most.”<sup>86</sup>

Dublin has a critical mass of industry and talent which the literature points to as a key factor in attracting further investment and talent. Despite a national policy of locating new industry outside the capital in a balanced regional manner, most investors in the creative-knowledge sectors prefer Dublin<sup>87</sup>. Over 50 percent of national FDI investment is located in the Dublin City region.<sup>88</sup> Research such as ACRE<sup>89</sup> has attributed this to the critical mass that cities in general provide, in terms of city size and scale, skilled labour, good universities and good urban amenities, which seem to attract investment.

### **3.3.2.1 Skills Shortages**

Skill shortages continue to persist despite the recession and an increase in graduates from the third level system in certain fields that often require both a high level of education attainment and professional experience.

Several reports by the Expert Group on Future Skill Needs (2010) were undertaken through industry consultation with the Biopharma-Pharmachem, ICT, and Green Technology sectors in Ireland. While Biopharma-Pharmachem companies were broadly satisfied with graduates of the Irish education system, ICT companies are sourcing approx 55 per cent of their high-level ICT skills supply needs through immigration. This is being done with increased difficulty as these skills are in demand globally. If the required skill supplies were available then there would be greater potential for the Dublin offices of MNEs to win more mobile investment within their group and for Irish companies to keep more of the work here rather than contract it out to overseas offices, or have it outsourced. Immediate skills recruitment difficulties mainly relate to positions requiring high-level ICT Honours Degrees (National Framework of Qualifications Level 8). Personnel with foreign language skills are mainly sourced from abroad. ICT firms have indicated the need to plan five years ahead for the building up of high-level ICT skills supply (Waugh et al., 2012)

Encouraging trends in CAO applications in 2012 show a rise in the numbers of applications for science, computing and agricultural courses. Once these students make their way through the system they will boost numbers in the knowledge and agri-business sectors. Out of 71,648 applications, first preferences for science, including computing, at honours degree level (level 8) increased by 18.47 per cent in

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<sup>85</sup> Murphy, E. & Redmond, D. (2009) “The role of ‘hard’ and ‘soft’ factors for accommodating creative knowledge: insights from Dublin’s creative class”, *Irish Geography*, Vol 42(1), p69-84

<sup>86</sup> Dublin as an Open City, 2011 (DCC, 2011)

<sup>87</sup> Action Plan for Jobs (DJEI, 2012) seeks to place 50% of FDI outside of Cork and Dublin

<sup>88</sup> Financial Times FDI benchmark, 2010

<sup>89</sup> ACRE, Report 8.13, 2009

2012 and are up 63.5pc since 2008<sup>90</sup>. Numbers applying for business courses also increased by just over 1 per cent while applications to engineering increased by just over a quarter of 1 per cent (CAO, 2012).<sup>91</sup> There remains some concern that there is a shortage of graduates being produced with modern language skills such as German and Dutch.

For example, Paypal's global operations vice president commented in the national media in 2012 that half of the 1000 jobs announced for Dundalk would likely be filled by non-nationals with only 100 of 270 advertised jobs filled currently and a deficiency in linguistic skills pinpointed as a contributory factor.<sup>92</sup>

### **3.3.2.2 International Benchmarks and other metrics**

Countries, and cities, now compete for talent with countries moving to be increasingly facilitative of granting residency to those highly skilled, even as they generally tighten immigration regimes. Firms, be they Multi-National Companies (MNC's) or indigenous also fight to attract highly educated and skilled workers, and as such, many choose new cities for growth to some extent on the basis of the potential talent pool there. The shift to a more knowledge-orientated economy is exacerbating this process, meaning that human capital plays a key role in the relative competitiveness of cities. The Economist Intelligence Unit (EIU) *Global City Competitiveness Index 2012* shows a clear correlation between human capital and overall competitiveness, highlighting the importance of talent to city competitiveness. However, the report also points up that these talented individuals are also highly mobile referencing the *Talent Shortage Survey* (Manpower, 2012) which ranked Ireland as the least difficult location globally in which to fill talent.

Commissioned by the Citi Group, this report indicates that the most significant advantage that developed country cities have is their ability to attract the world's top talent. Dublin ranks in the top 30 countries positioned in 27<sup>th</sup> place ahead of Madrid in 28<sup>th</sup> but behind 9 other European cities such as competitor cities Copenhagen, Stockholm and Amsterdam.

Despite concerns about the appropriate skills availability in Ireland the IMD *Competitiveness Yearbook 2012* (IMD, 2012) ranked Ireland first for the 'flexibility and adaptability of the workforce', and the role of higher education has long been recognised as crucial for Ireland's economic success, with the FP6 funded ACRE project on knowledge based society attributing its ability to attract sizeable investment to the economy as due to the supply of qualified graduates.<sup>93</sup> Moreover, the 2012 *Global City Competitiveness Index* compiled by the Economist Intelligence Unit (EIU) ranked Dublin first for 'human capital.' (The cities observed and analysed for this ranking contribute 29 per cent of total global GDP). Even more encouraging were the aforementioned results of the Talent Shortage Survey (Manpower, 2012) which ranked Ireland as the global leader for the availability of skills and the least

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<sup>90</sup> <http://www.independent.ie/lifestyle/education/latest-news/cao-surge-in-student-demand-for-science-computing-and-agriculture-courses-3045032.html> and CAO (2012) CAO Statistics 2012

<sup>91</sup> CAO (2012) [http://www2.cao.ie/app\\_stats/pdf/AppStats01Feb2012.pdf](http://www2.cao.ie/app_stats/pdf/AppStats01Feb2012.pdf)

<sup>92</sup> [http://news.businessandfinance.efinancialcareers.ie/newsandviews\\_item/wpNewsItemId-107898](http://news.businessandfinance.efinancialcareers.ie/newsandviews_item/wpNewsItemId-107898)

<sup>93</sup> ACRE Report 4.13, 2007, Amsterdam

difficult location in which to fill talent. This shows that Ireland is performing well internationally, especially as one third of employers surveyed globally in the Talent Shortage Survey were unable to find the talent that their organisation needed.<sup>94</sup> The IMD World Competitiveness Yearbook (IMD, 2012) also singles Ireland out as 1<sup>st</sup> for availability of skilled workforce.

Other indices are not as encouraging. The EIU ranks Ireland 16<sup>th</sup> in their Global Talent Index for 2011, forecasting that Ireland will slide to 17<sup>th</sup> by the time of the 2015 rankings behind many of Ireland's key competitors for FDI.<sup>95</sup> The 2011 Global Creativity Index (GCI) gives Ireland a ranking of 12<sup>th</sup>.<sup>96</sup> As part of the ranking, countries were scored on various criteria with Ireland scoring 20<sup>th</sup> for technological savvy, 21<sup>st</sup> for global talent rankings and 2<sup>nd</sup> for tolerance (the so-called 3 T's of Economic Development). Ireland's relatively low score for talent as compared to other indexes is attributable to some degree to the knowledge worker's share of the total workforce being calculated as less than 39 per cent. This study also found correlations between economic development and factors including human capital and quality of life.

The third "T" of this index is perhaps emerging as one of the most interesting and dynamic. Tolerance in society and diversity is a substantial contributor to the attractiveness of a location. Ireland ranks second on this score and on a map of global racial and ethnic openness ranked third globally with 85 per cent of residents considered open to racial and ethnic minorities.

Creativity of course is mobile, however it is almost always associated with specific places whether they are countries, regions or cities (Florida et al)<sup>97</sup>. Dublin in this regard is shown by international benchmarks and hard data to be a hot spot nationally of the key ingredients of creativity, with a concentration of talent, education and firms. The Capital Region in Figure 3.13 represents the Southern and Eastern Regional Assembly NUTS II area. Competitiveness here is higher than the BMW and national average.

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<sup>94</sup> Manpower (2012) Talent Shortage Survey, 2012.

<sup>95</sup> Economist Intelligence Unit, Global Talent Index 2011

<sup>96</sup> Atlantic Cities Global Creativity Index 2011 <http://www.theatlanticcities.com/jobs-and-economy/2011/10/global-creativity-index/229/>

<sup>97</sup> Florida, R., Mellander, C., Stolarick, K., Silk, K., Matheson, Z. & Hopgood, M. 2011. Creativity and Prosperity: The Global Creativity Index. Martin Prosperity Institute.

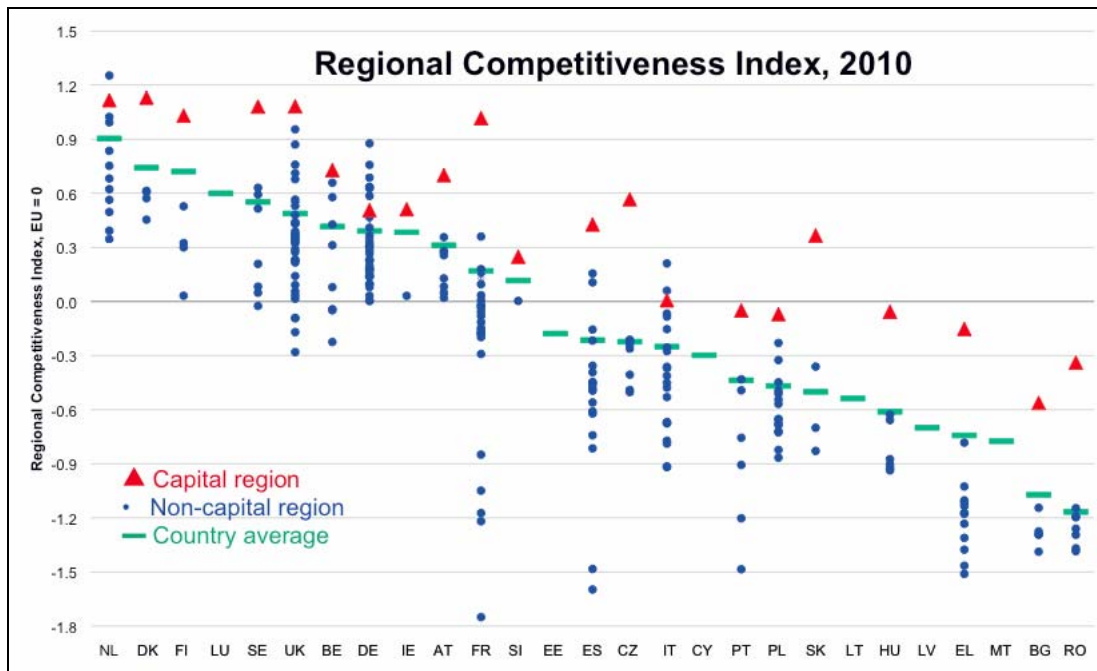


Figure 3.13: RCI for each country, capital region and other regions (IE is Ireland), (EU) 2010<sup>98</sup>

<sup>98</sup> EU, (2010), *EU Regional Competitiveness Index, 2010*, EU

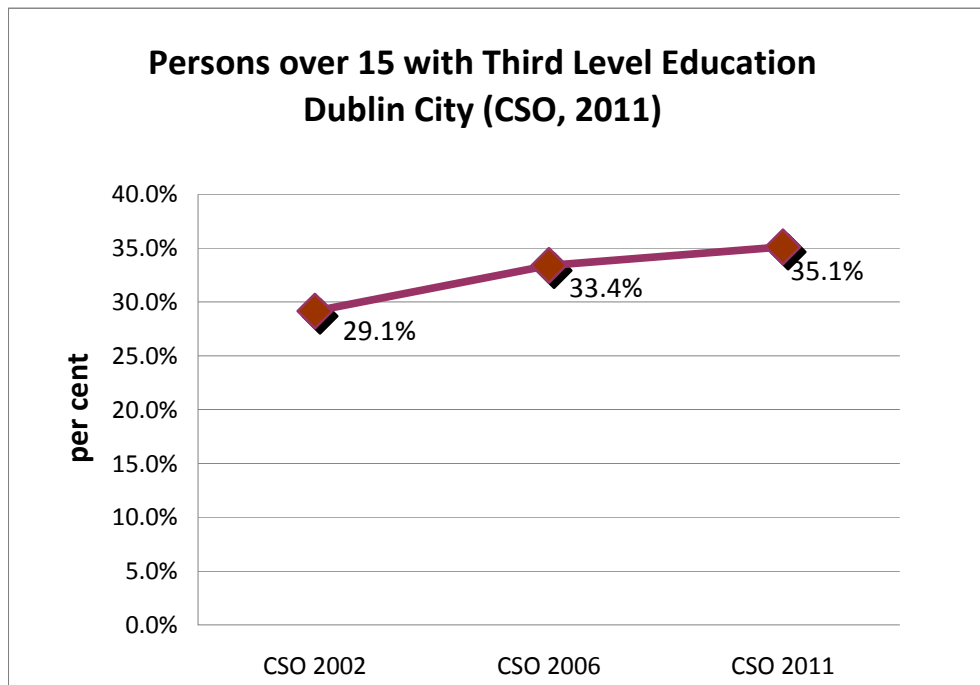


### 3.3.3 Education, Innovation and Research

“Human capital is Ireland’s best resource”  
Eamonn Sinnott, General Manager Intel Ireland

The levels of education in Ireland have increased substantially over the past two decades. In Dublin city alone the proportion of persons over 15 with a higher level of education (third level)<sup>99</sup> increased from 29 per cent in 2002 to over 35 per cent in 2011 (see Figure 3.14). The figures for the Dublin region are 36.3 per cent, the GDA is 34.5 per cent with a 30 per cent figure in the Mid East Region.

This shows a marked increase on 2006 levels. In that year almost 30 per cent of Dublin’s population over 15 years attained third level education compared to 27.7 per cent of all Ireland’s population had 3<sup>rd</sup> level education in 2006. The proportion of 3<sup>rd</sup> level educated persons aged 25 to 34 years in Ireland was 40 per cent.



**Figure 3.14: Increasing levels of education in the city region core (CSO, 2012)**

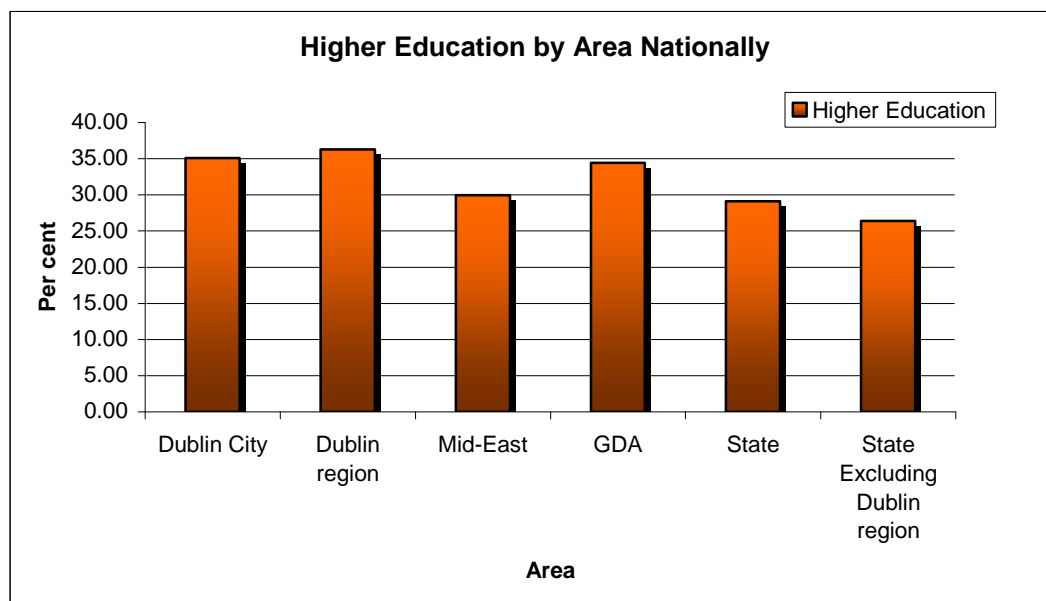
The levels of education across the 7 local authorities of the GDA are shown in Figure 4.2. Dún Laoghaire-Rathdown has almost achieved 50 per cent permeation of third level attainment amongst its population cohort over 15 years of age (CSOe, SAPS, 2012). These figures are reflective of the significant investment in the education system up until now and have facilitated the transition to an investment attractive knowledge based economy.

Figure 3.15 and Figure 3.16 show that the proportion of persons aged 15 years and older is over 35 per cent and 36 per cent respectively for Dublin city and the Dublin

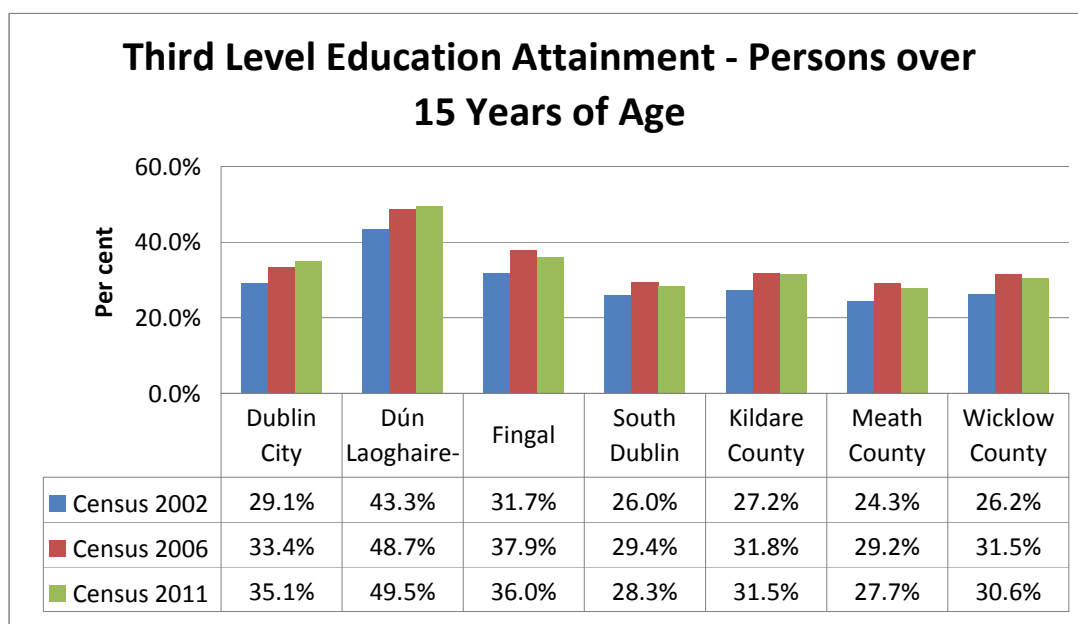
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<sup>99</sup> Here third level is taken to include a Higher Cert, Ordinary Degree or Higher Diploma, Honours Degree, Postgraduate Degree or Diploma and PhD.

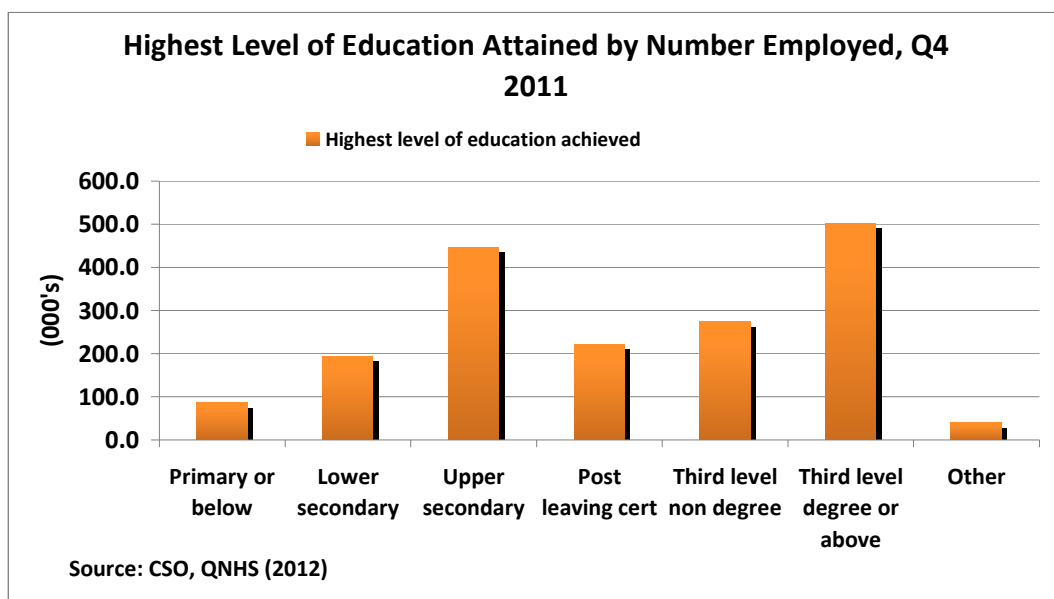
region. Excluding the Dublin region from analysis shows that the percentage for the State is considerably lower at just over 26 per cent (CSO, SAPS, 2012).



**Figure 3.15: Proportion of Population Aged 15 years and Older with Third Level Qualification in Dublin and Ireland (CSO SAPS, 2012)**

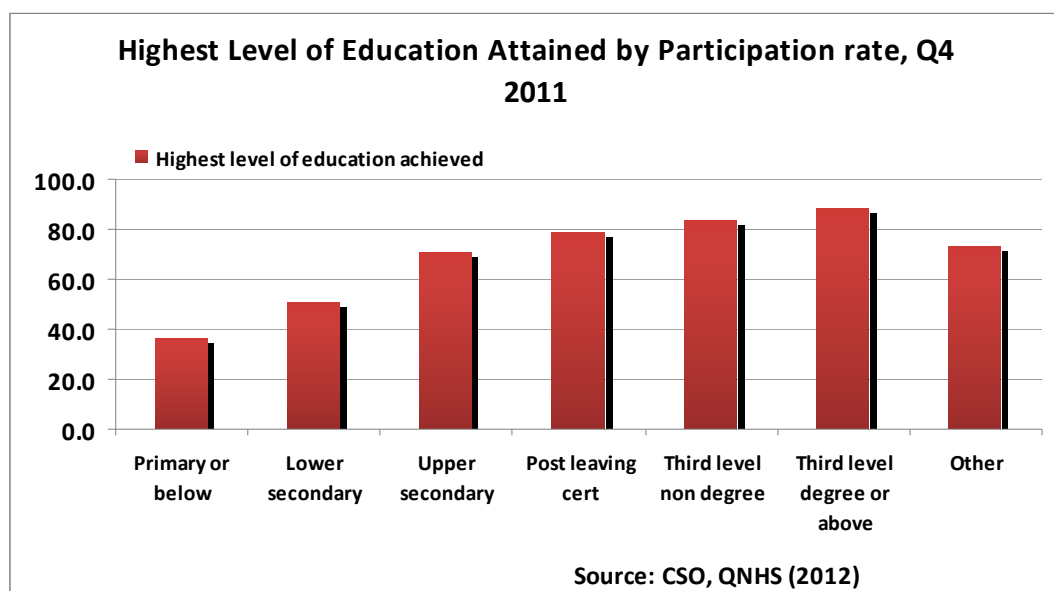


**Figure 3.16: Third Level Education Attainment in the GDA– Persons Over 15 years of Age (Small Area Populations Statistics (SAPS) CSO, 2012)**



**Figure 3.17: Highest Level of Education Attained tabulated against Numbers Employed Q4, 2011 across the State (CSO, QNHS, 2012)**

Across the State the data bears out the palpable importance of achieving appropriate levels of education and the associated importance of investment in this area. Figure 3.17 shows employment numbers by levels of education attained (QNHS, 2012). Figure 3.18 shows the percentage participation within each education level. Persons with third level qualifications show almost 90 per cent participation levels. The concentration of persons in a few key Gateways and especially in the Dublin city region indicates that these are the areas where employment will continue to grow in the short, medium and longer term (see Figure 3.19).



**Figure 3.18: Highest Level of Education Achieved by Participation Rate (CSO, QNHS, 2012).**

Figures 3.17 and 3.20 shows that levels of unemployment falls according to education attainment regardless of location. However, persons living in the Dublin and the Mid East with 3<sup>rd</sup> level qualifications are also less likely to be unemployed than those with third level education living elsewhere in Ireland (CSO, 2006). There is only 4.6 per cent unemployment amongst those with a third level honours degree above living in Dublin compared to a State average of 5.8 per cent for the same cohort (CSOa, 2012),

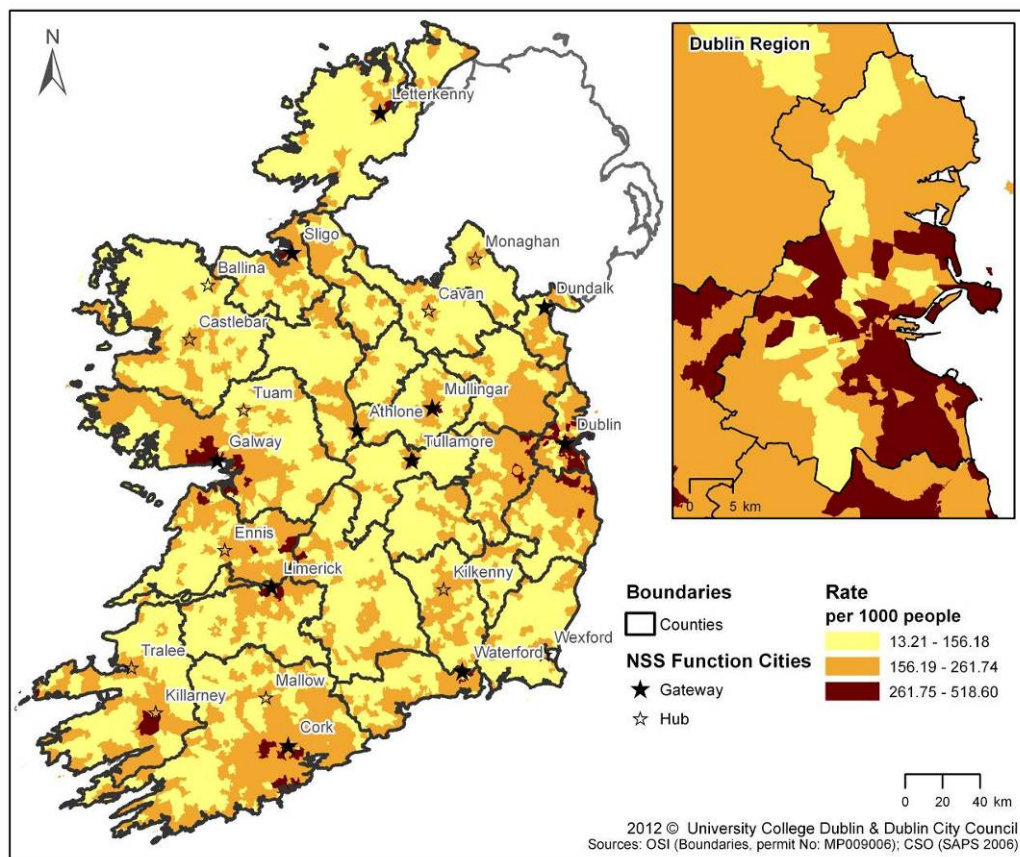


Figure 3.19: People with 3<sup>rd</sup> level of education per 1000 population in 2006

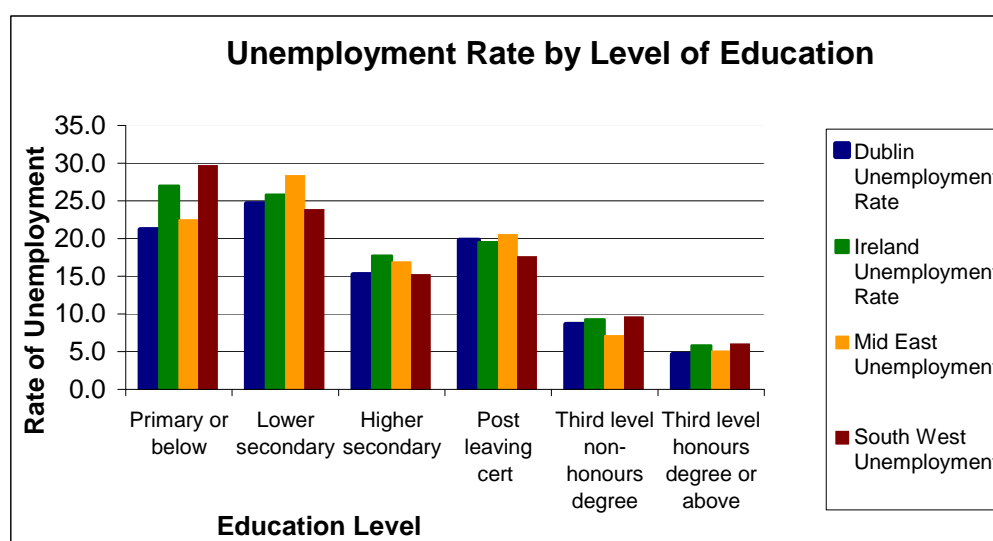
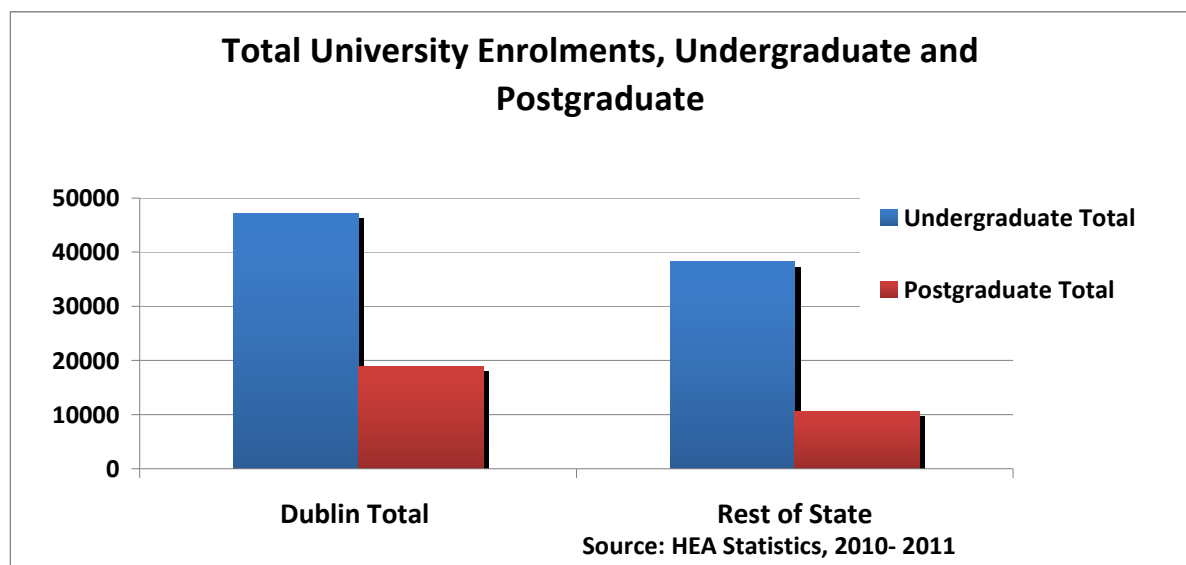


Figure 3.20: Levels of unemployment across educational attainment (CSO, QNHS, 2012)

Over the past fifteen years there was a significant increase in the R&D expenditure in the Irish Higher Education System from €153 million in 1996 to €750 million in 2008.<sup>100</sup> This increase has follow on benefits to the skills level of the Irish labour force. The Dublin region is the leading education location in Ireland, with 50 percent of all students in the university sector based there, and 63 percent of all PhD students.<sup>101</sup>

The Dublin city region accounted for 57.5 per cent of all students in 2010-2011 (HEA, 2012).<sup>102</sup> Dublin accounted for 67.4 per cent (or 66,164 students ) of all full time and part time student enrolments in the University sector (see Figure 3.21) and 36.6 per cent of full time and part time students enrolled in the I.T. sector.

The Higher Education Authority report “*What do graduates do?*” (HEA, 2008) found that there was a disproportionally higher number of graduates employed in the Dublin region, with the South West Region a similarly popular destination. Dublin is the only county to employ more graduates than it produces; Cork has an employed graduate population which is 90 per cent of its production with both counties retaining a large majority of graduates produced. These two critical Gateways are important sinks for Irish graduates.



**Figure 3.21: Total University Enrolments in Dublin and the Rest of the State 2010-2011 (HEA 2012).**

The number of foreign students in tertiary education is also an important reputational international metric as foreign students are attracted to universities and countries

<sup>100</sup> Forfas (2008) Higher Education R&D Survey 2008, Forfás

<sup>101</sup> Dublin City Council (2011) Dublin as an Open City Local Action Plan, 2011, Dublin

<sup>102</sup> HEA (2012) Statistics 2010-2011 (Higher Education Authority).

deemed leaders in their fields (NCC, 2012)<sup>103</sup>. Dublin accounts for just under 57 per cent of the total foreign student population (across Universities and Institutes of Technology).

### 3.3.3.1 International Benchmarks and Other Metrics

According to Eurostat, Ireland is one of Europe's leading countries in terms of percentage of the population between 15 and 65 years of age with third level education. Ireland has shown a remarkable increase in third level attainment over the past decade in comparison to figures of the whole EU.

Ireland is the country with highest percentage of persons with a tertiary education between the ages of 15-64 years (32.8 per cent) a ranking which is crucial to talent and FDI attraction. Figure 3.22 which shows Ireland with the highest proportion of population aged 25-34 (48 per cent) with third level qualifications in the EU compared to an EU average of 33 per cent is very encouraging in terms of future investment prospects (Eurostat, 2012). In comparison Germany has a lower proportion which is reflective of its greater manufacturing base and aging population. It is critical that Ireland and Dublin maximises its competitive advantage especially considering the national reliance on FDI and the concentration of activity in the services and knowledge economy.

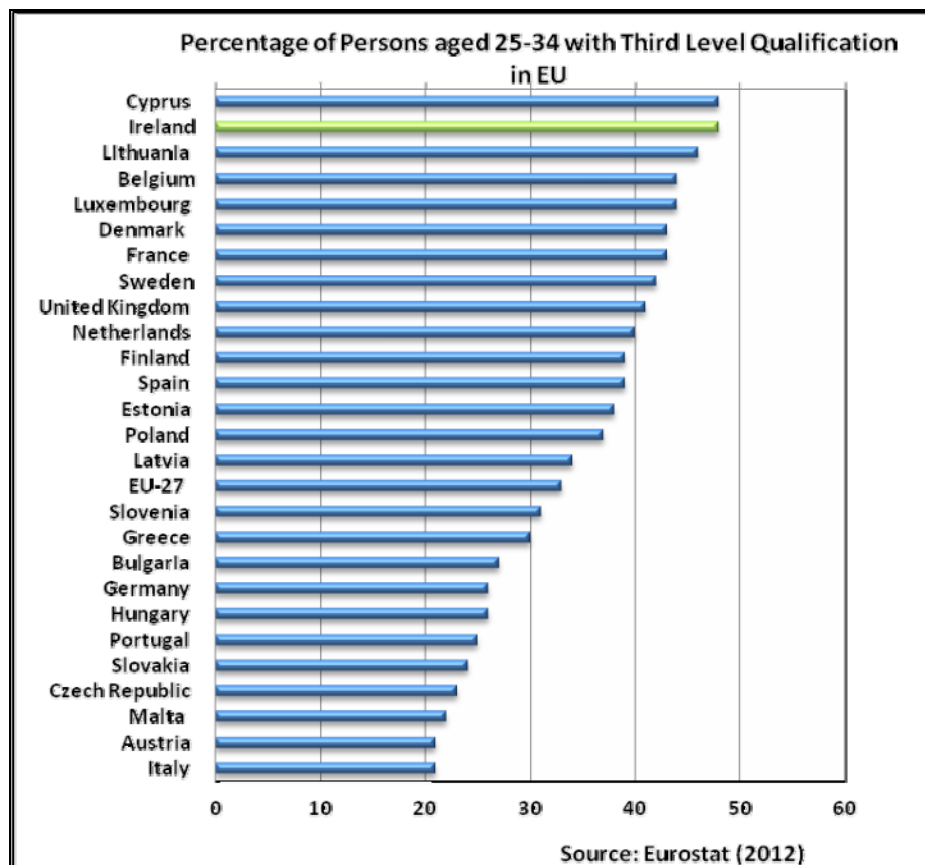
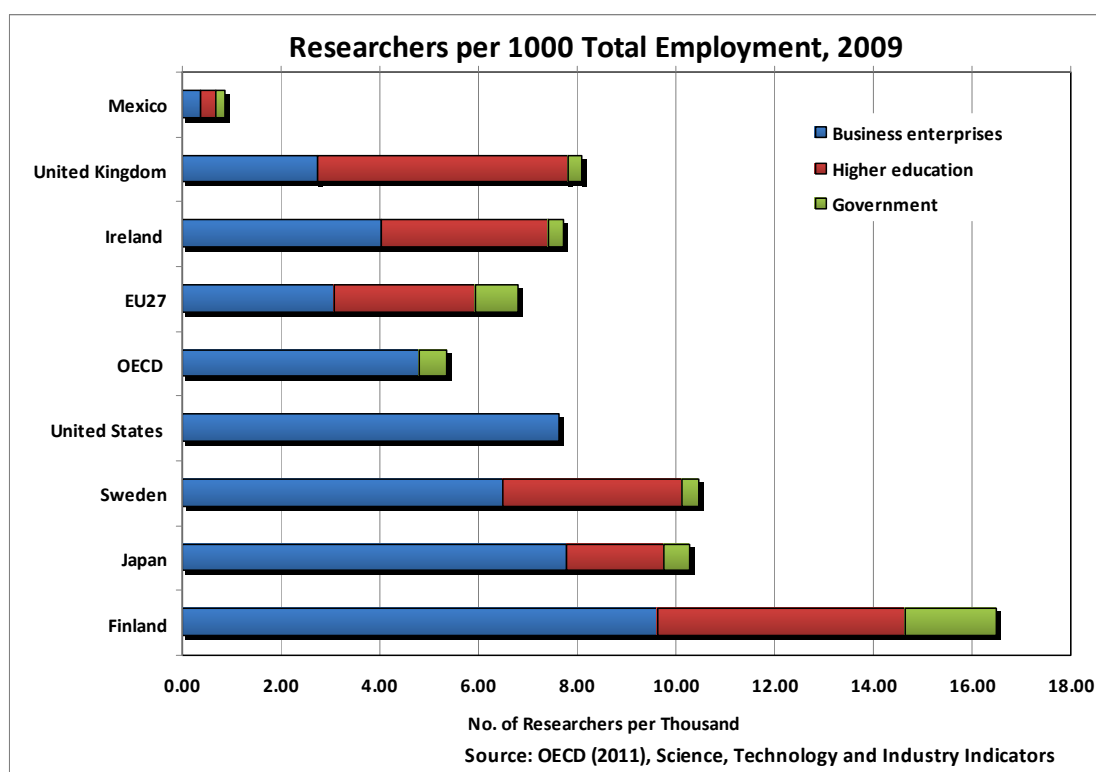


Figure 3.22: Percentage 25-34 with third Level Education in the EU in 2010 (Eurostat 2012)

<sup>103</sup> NCC (2012) *Ireland's Competitiveness Scorecard 2012*. National Competitiveness Council, Forfás, Dublin

However, Ireland's total numbers of researchers per thousand population while above the EU-27 is below the U.K. the United States<sup>104</sup> and Scandinavian countries such as Sweden and Finland (see Figure 3.23). In particular Ireland has very low research capability in the Government sector (GERD) 0.29 persons per thousand employed compared to an EU-27 average of 0.86 persons per thousand.

In 2008, the EU-27 had 2.5 million people — full-time equivalents (FTE) — working in R&D (Eurostat, 2010)<sup>105</sup>. Across the EU-27, the business enterprise sector was the largest sectoral employer, with more than half of all R&D personnel (1.3 million FTE). A combination of HERD, BERD and GERD, shows R&D employment in Ireland accounts for just under 8 per cent of employment, which is half of Finland's equivalent R&D employment.



**Figure 3.23: Researchers per 1000 of total employed population OECD, Science Technology and Industry Scorecard 2009) (U.S. data were not available for government and HE researchers).**

On a positive note R&D expenditure in Higher Education R&D (HERD) in Ireland increased over the period 1996-2008 as shown in Figure 3.24 from €153 million and 0.30 per cent of GNP to €750 million and 0.48 per cent of GNP. The total numbers of researchers increased from 2425 persons in 1998 to 6174 persons in 2008 (Forfas 2010)<sup>106</sup>. Forfas (2010) also reported that Ireland's rank amongst 29 OECD countries

<sup>104</sup> Figures for Higher Education and Government Researcher in the US were not available for these years from the OECD

<sup>105</sup> Eurostat (2010), Science and Technology Indicators: Research and development expenditure by Sector, Brussels

<sup>106</sup> Forfas (2010) *HERD report*, Forfas.

rose from 22<sup>nd</sup> in 2000 to 7<sup>th</sup> in 2008 with respect to HERD as a percentage of economic activity. Figure 3.21 shows HERD between 1996 and 2008.

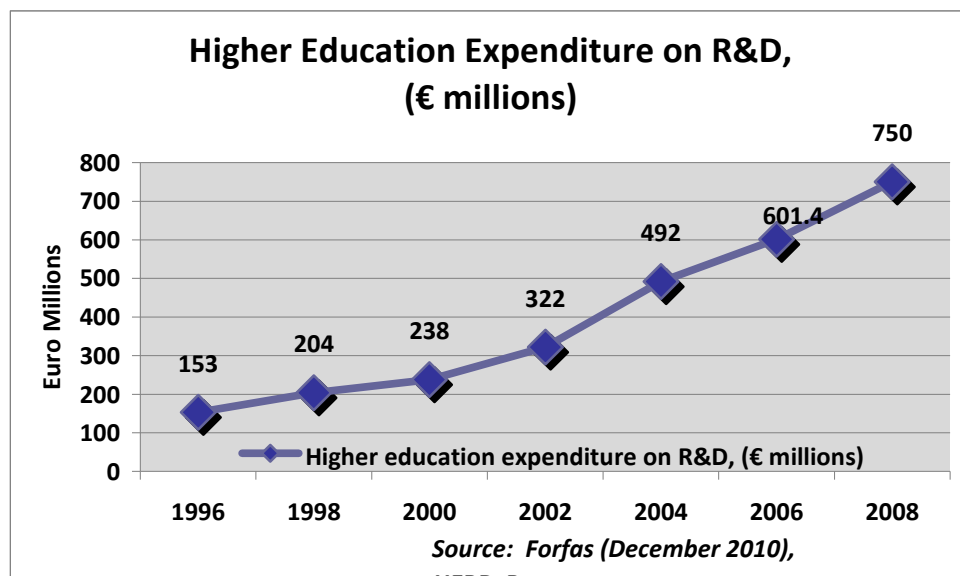


Figure 3.24: Higher Education Expenditure on R&D (HERD) in €millions 1996 to 2008

Ireland's expenditure on R&D as a percentage of GDP remains below the EU-27 average and in comparison to a number of Innovation leader countries such as Germany, Sweden and Finland in particular is still some way short (Figure 3.26). The gap to the EU average did decrease over the 10 year period to 2010 (Figure 3.25).

The current Programme for Government has set a headline target of improving the conditions for research and development, in particular with the aim of increasing combined public and private investment levels to 2.5 per cent of GNP (approximately equivalent to 2.0 per cent of GDP) (EU, 2011).

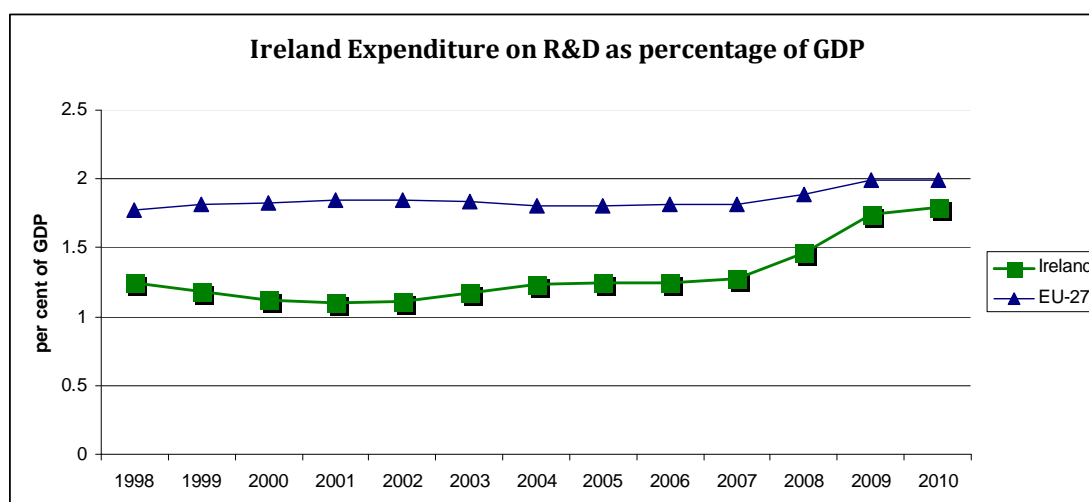
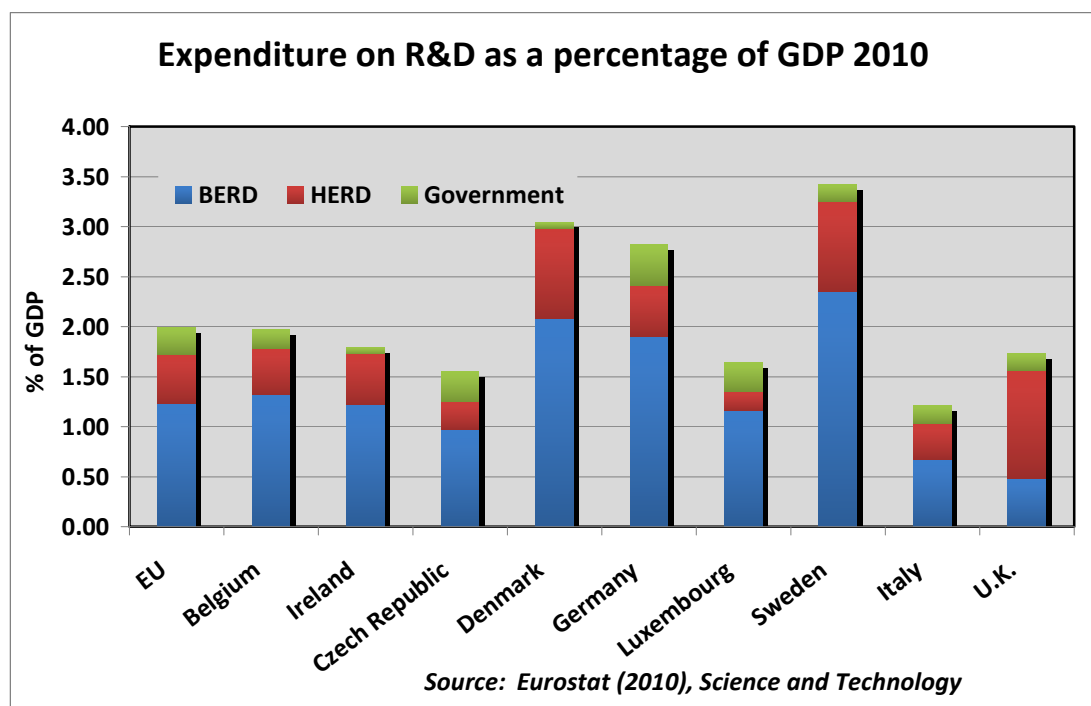


Figure 3.25: Ireland's Total Expenditure on R&D as percentage of GDP (Eurostat, 2010)



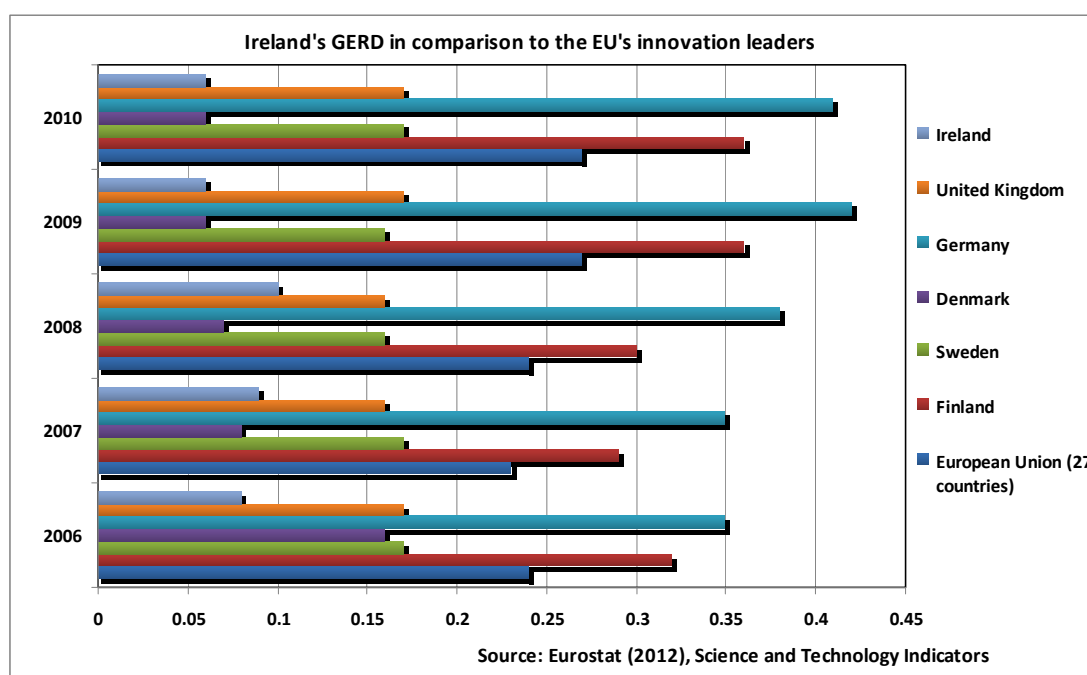


**Figure 3.26: Expenditure on total R&D as a percentage of GDP 2010 (EuroStat, 2010)**

At the same time it should be noted that fiscal austerity measures across the EU mean that the EU's average GERD has shown no significant growth over the past few years. Ireland's government expenditure on R&D (GERD) decreased to 0.06 per cent in 2010 from 0.09 per cent in 2007. Ireland's GERD compared to the EU's innovation leaders is shown in Figure 3.27 and Table 3.14.

2009/ 2010	BERD	HERD	(GERD) Government
EU	1.23	0.49	0.27
Belgium	1.32	0.46	0.19
<b>Ireland</b>	<b>1.22</b>	<b>0.51</b>	<b>0.06</b>
Czech Republic	0.97	0.28	0.3
Denmark	2.08	0.9	0.06
Germany	1.9	0.51	0.41
Luxembourg	1.16	0.19	0.29
Sweden	2.35	0.9	0.17
Italy	0.67	0.36	0.18

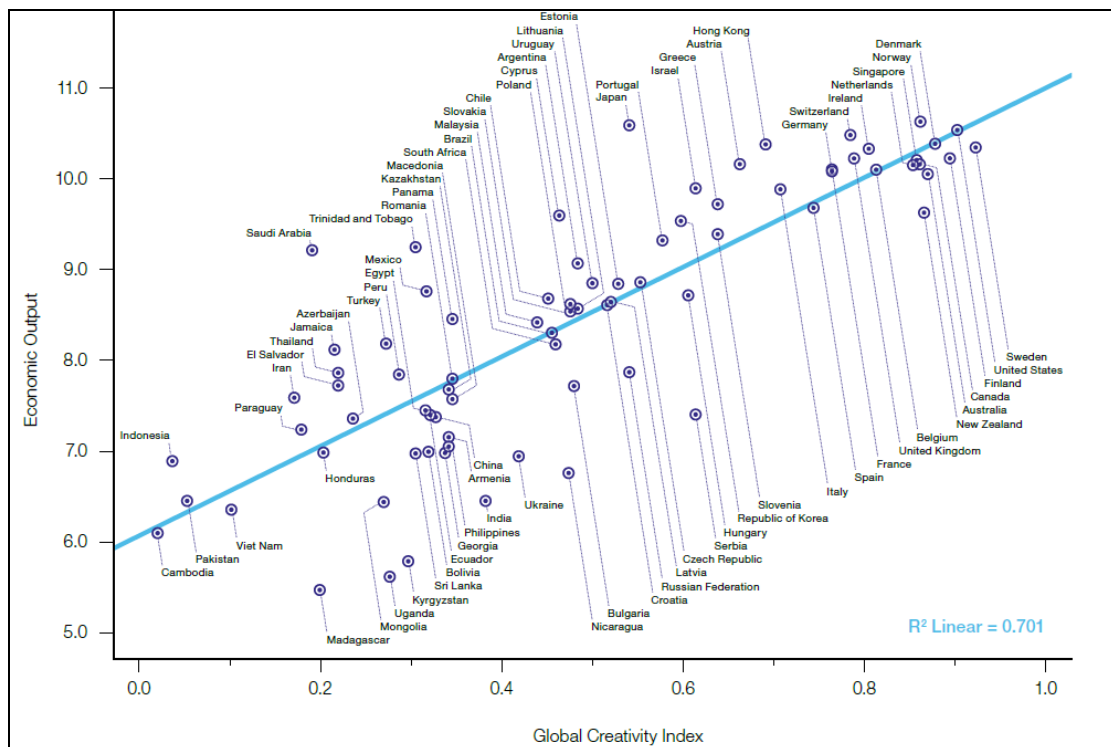
**Table 3.14: Research and development expenditure in 2010 by Business (BERD), Higher Education (HERD) and Government (GERD) as per cent of GDP (Eurostat, 2010)**



**Figure 3.27 : Ireland's GERD in comparison to the EU's innovation leaders (Eurostat 2012).**

*The Global Creativity Index* (Florida *et al*, 2011) measures the innovation investment of countries globally. Many of the countries with highest GCI rankings also have highest economic output (and levels of entrepreneurship) and also place highest in the EU Innovation Competitiveness Union Scorecard<sup>107</sup>. The high placement of Denmark, Norway, Sweden, the Netherlands, Germany, the UK and Ireland is notable. At the same time Ireland scores lower on competitiveness than its GCI score suggests it should (Florida *et al*, 2011).

<sup>107</sup> EU Commission (2011) *Innovation Union Competitiveness Report*, DG Research and Innovation, Brussels



**Figure 3.28: Global Creativity Index (GCI) and Economic Output (Florida et al)**  
<http://www.theatlanticcities.com/technology/2011/10/worlds-leading-nations-innovation-and-technology/224/>

An inherent challenge is to ensure that the city region maximises its human capital and fiscal resources. As shown, Ireland's R&D expenditure trebled in the decade to 2008 to €2.6bn and approximately 1.66 per cent of GNP; Business Expenditure on Research and Development (BERD) doubled to an estimated €1.68bn; Higher Education Research and Development (HERD) spending quadrupled and was reflected in the numbers of research articles produced and share of world papers<sup>108</sup>.

The potential and innovative capacity of the city region is no better highlighted than by the fact that Dublin is leading the way by attracting over 50 per cent of FP7 activity nationally<sup>109</sup> and as programmes such as the upcoming "Horizon 2020" (Framework Programme 8) look to develop more industry focussed funding initiatives the importance of developing a triple helix industry-driven approach to innovation and research is critical and increasing.

<sup>108</sup> The Report of the Taskforce on Innovation Department of the Taoiseach, 2010

<sup>109</sup> Innovation Union Competitiveness Report, DG Research and Innovation, EU Commission, 2011

### 3.3.4 Perception from Interviews

This section outlines and explores responses given in the area of employment, skills and education. The perceptions herein bear consequence to the creation of indigenous smart economy start-ups and FDI attraction. It should be noted that interviewees were specifically asked about talent attraction, the quality of the Irish graduate and the needs of the key FDI sectors ICT, bio-pharma and so forth. Interviewees were generally not prompted to offer opinion on traditional sectors such as manufacturing, construction or agri-food. By the same measure they were not excluded from offering opinion on the same. (Selected quotes in blue font).

#### *Education*

- The view was expressed on a number of occasions (over 5 times) that skills and human capital are as good in Dublin and Ireland as anywhere else globally but the worry is that the best will go abroad as we are running an underfunded system.
- In terms of producing Science, Maths, Engineering and Technology graduates the key is quality more so than the quantity, as expressed on a number of occasions. Interviewees expressed concerns that there is a disconnect between the practical application of maths and technical skills and its image. Potential students are being scared away by “stereotypical images of people in lab coats”. The importance of developing creativity and innovation into the educational experience was stressed on numerous occasions.
- Interviewees stressed that without investment Ireland and Dublin will continue to be an innovation follower, however. As two separate interviews relayed: even during “boom” times we were only touching the OECD average for investment in research.

“Education does not always have to be reactive such as putting Java on the curricula. It is as much about developing the life and research skills to be able to quickly adapt to emerging trends and skills requirements whatever they may be.”

- In this regard the opinion was expressed on more than one occasion that Universities in Ireland prepare students to develop a satisfying career. Another respondent took a slightly more proactive approach stating that the system needs to focus on two outputs which may be difficult to achieve: “...teach to adapt to the future and teach to fit into the job straight away.”
- With regard to third level output there was a general feeling of optimism about the future with a need to focus more on producing graduates with appropriate ICT skills. Mention of continuing career (professional) development programs and the need to keep evolving were recurrent themes. These programs it was stated on a number of occasions are required across all sectors.
- A number of interviewees looked to change the fundamentals earlier in the education cycle, at 2<sup>nd</sup> level. The need to radically change secondary level

was expressed in 4 interviews as well as retraining career guidance teachers as we need them to understand the realities of the labour market as it exists today. This is not easy as it is changing so quickly with the advancement of technology. The curricula and the teachers today are not equipped for the current business market.

Part of the solution suggested by two respondents could be to run work shadowing programmes for teachers in multinationals.

“Educators need to be retrained with a focus on ICT and emerging technologies and the needs of a Smart economy and Smart city”

- There are also real concerns about the educational system and its ability in particular to deliver on language skills – European language skills should be a priority as “this is ultimately the main market that multinationals located in Ireland and Dublin are selling into”

#### *Skills and Talent Attraction*

It was repeated on a number of occasions that national and local leaders must create a city with a critical mass of skill types. This challenge is not unique to Ireland; Western Europe must collectively differentiate its skills base. The ability to attract talent is linked to the ability to attract FDI. One factor which featured strongly was the importance of multilingual skills. One of the key selling points for Ireland and Dublin is the fact that is ideally positioned to access the European Market – European multilingual skills are particularly important and will continue to be important.

“You can attract the right skill sets into Dublin that you just could not get to other regions in Ireland”

One of the main attractions of Dublin is the fact that it attracts people with the right language skills from across Europe in particular. These are multilingual, educated and young and want to come to Dublin. Cork to a lesser extent is able to attract the same cohort. The feedback from these individuals and workers and those from the U.S. is that they enjoy the Dublin working and living experience.

#### *Employment and Jobs Spillover - Key messages from interviews*

- It was expressed on numerous occasions that there is a fundamental difference between creating jobs and reducing unemployment. Ireland has 350k unemployed but is unable to fill jobs in certain sectors. Others skilled in construction and manufacturing sectors and especially those with little or no skills were seen by interviewees as having poorer employment prospects.
- Considering the distribution of employment and employment opportunity nationally when asked about the spillover potential of investment that comes to Dublin it was interesting to note the case of State Street which was viewed as relocating employment to Naas and Kilkenny due to congestion and office prices at that time but also Paypal which was viewed as locating in Dundalk

due to an excellent road network (M1) connecting the Dundalk Gateway to Dublin (Blanchardstown)

- The dispersal of MNE expansions out of Dublin was a trend of the 2000s in particular, as considered by three respondents. Companies may now find locating in Dublin more competitive but it is difficult to track this level of decision making over time.
- The importance of the improved Motorway road network was highlighted on numerous occasions. Generally spillover out of the capital region was considered to exist and that an improving Dublin market offers opportunity for small business located elsewhere to source jobs and employment.

### 3.4 The Role of Local Government

#### 3.4.1 Introduction<sup>110</sup>

Virtually all interviews carried out included significant reference to planning in the city region and the role of local government. This section briefly provides a background on what local government means and Section 3.4.2 contains opinion sourced directly from interviews.

“City government can be most successful when its mission and methods are well adapted to its context (Barnes, 1998)<sup>111</sup>”

To reach its potential local government needs to be strengthened to meet the challenges of the 21<sup>st</sup> Century. Challenges listed by central government include (DoEHLG, 2008):

- ❖ Continued population growth and balanced regional development;
- ❖ Tackling social exclusion and integrating new communities;
- ❖ Improved environmental management in areas such as waste, water quality, built and natural heritage protection, and the challenges of climate change; and,
- ❖ Ensuring greater connection between local government and local people.<sup>112</sup>

The Ministers foreword in the “Green Paper on Local Government 2008” begins by stating that “Local government, as recognised in Bunreacht na hÉireann, provides for the democratic representation of local communities.”

The purpose of local government, it has been argued elsewhere, is to **“give expression to local identity, to identify local concerns and to set local priorities.”**<sup>113</sup> Local government must be accessible to the citizen and to the local business. However, Local Government in Ireland has not achieved any real level of independency from central government as any form of financial autonomy has not been forthcoming. Real decision-making on local priorities is still relatively centralised. Ownership of budget decisions at local level offers exceptional potential to uncover new and innovative solutions to local funding. Sharing of resources and the delivery of services across boundaries and sectors offers significant saving potential as Chris Bilsland, the Chamberlain of the City of London (“the square mile”) writes in the CIPFA report (2012). In particular Bilsland looks to the future role of

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<sup>110</sup> Appendix 13 provides a working paper on this issue)

<sup>111</sup> Barnes, W., (1998) *Governing Cities in the Coming Decade: The Democratic and Regional Disconnects*, Public Administration Review,

<sup>112</sup> DoECLG (2008) Green Paper on Local Government

<sup>113</sup> M Callanan, "The Role of Local Government", in *Local Government in Ireland*, ed. M. Callanan and J. Keogan, pg 4, Institute of Public Administration, Dublin, 2003.

local government in community development – educational, cultural and economic development. An evolutionary approach to achieve scale economies is espoused.

Current models of governance in Ireland are also not reflective of spatial and demographic patterns of development. Each region is different and must build a pathway for institutional reform which fits its own needs. As the recent UK report “*Public Service Reform in the UK: revolutionary or evolutionary*” (CIPFA, 2012) states there is no single “silver bullet” approach. Each local situation is different and requires different solutions<sup>114</sup>.

In this regard, the National Spatial Strategy (NSS) (DoEHLG, 2002) stated that the performance of the GDA will remain pivotal to the overall economic well being of Ireland. However, it went on to make the point that Ireland also needs to build up other places and areas to be similarly strong on a national and international scale — generating benefits closer to where people live.

The NSS (DoEHLG, 2002) goes on to state that the “Greater Dublin Area has ... driven much of the country’s economic success”. However, the form of that development has created acute pressures in areas like housing supply and traffic congestion. While the aspiration to rebalance growth is noteworthy, the extent to which it was or is achievable remains unanswered.

“Attempting to prop up the Anywhere But Dublin (ABD) model of spatial development represents a squandering of scarce resources.” (The Futures Academy, 2008).

A shortfall of the regional approach is arguably that each region’s potential has been relatively unquantifiable, though the emergence of more joined up and extensive data should allow credible target setting at regional level for job creation. Moreover, as evidenced by interviews the propensity to base regional planning on population targets rather than feasible employment targets introduces a systemic policy deficit.

*Twice The Size, Imagineering the Future of Irish Gateways*<sup>115</sup> (The Futures Academy, 2008) makes the case on a national spatial model based on a single city region. This is based on the premise that there is a risk involved in the continued support of a counter weight for the Dublin Region. This rhetoric can be counter-productive in that it alienates the regions and does not appropriately account for the totality of opinion and other factors such as quality of living and choice. Nonetheless, spatial analytic evidence does point to a clear functional Dublin economic area as shown in Report 2 of this work and by Williams et al (2010) (see Figure 3.28). It is arguably functional areas that Ireland must now concentrate its scarce resources within. This will necessitate not only strong policy in terms of the quantum and distribution of population but also in terms of appropriate balancing of investment and alignment of employment growth with opportunity.

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<sup>114</sup> CIPFA (2012) *Public Service Reform in the UK: revolutionary or evolutionary*, UK

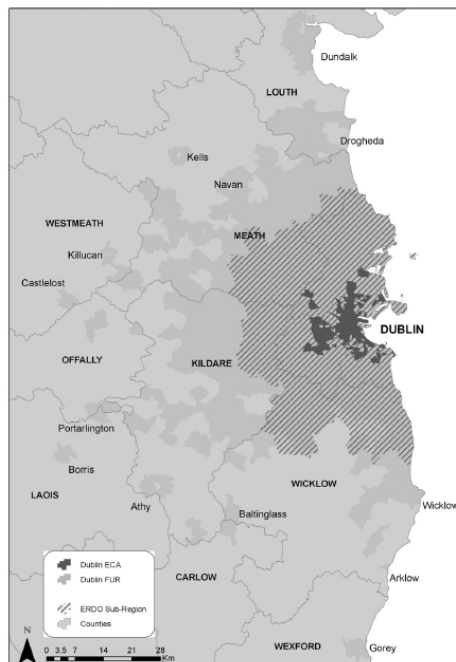
<sup>115</sup> [http://www.thefuturesacademy.ie/sites/default/files/Twice\\_the\\_Size\\_Final\\_Report.pdf](http://www.thefuturesacademy.ie/sites/default/files/Twice_the_Size_Final_Report.pdf)

The Futures Academy, 2008. *Twice the Size: Imagineering the Future of Irish Gateways*. Dublin Institute of Technology.



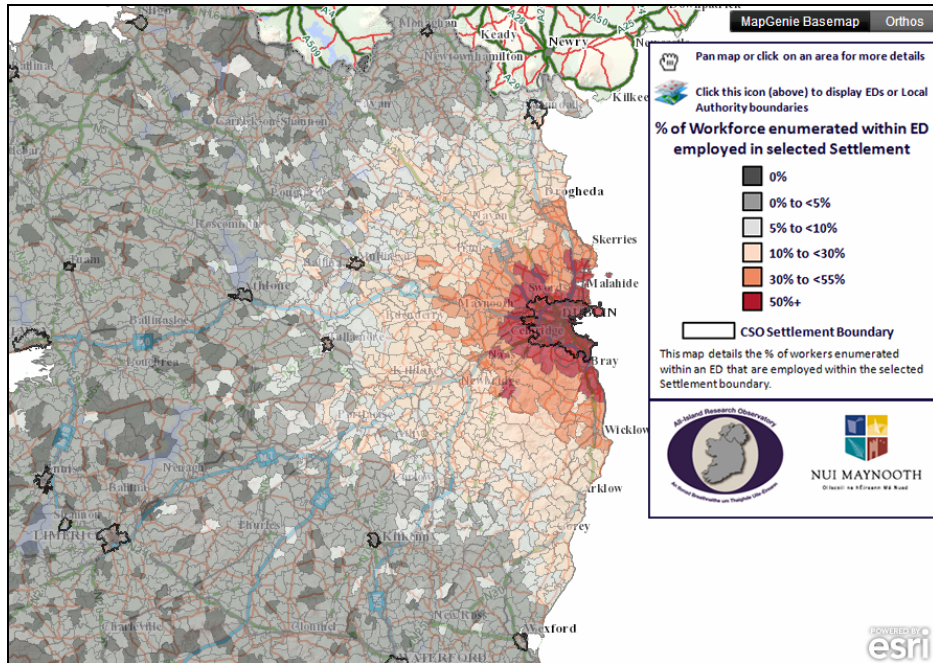
In order to develop an effective governance model for metropolitan, city, urban or regional governance it is necessary to firstly define what it means and encompasses. The OECD defined Principles of Metropolitan Governance<sup>116</sup> stating that “there is no one fits all” model. Core points include:

- that urban regions are emerging as the main units in the world economy and that governance must be associated with competitiveness
- that administrative fragmentation and having multiple boundaries across various organisations must be minimised
- that the costs of governing must be reflective of the benefits received
- that boundaries are only artificial and the functioning of the State must be viewed holistically (Figures 3.29 and 3.30 show functional boundaries for Dublin)
- that unique solutions are required for certain areas.
- that participation must be inclusive and bring democracy closer to the people.
- that services must be delivered by the most local level that has the scale and ability to deliver them.



**Figure 3.29: The functional urban region of Dublin (Williams *et al*, 2010)**

<sup>116</sup> OECD. (2000). Policy Brief: “The Reform of Metropolitan Governance”, OECD.



**Figure 3.30: A functional area for the Dublin region as defined by the All-Ireland Research Observatory using CSO Place of Work and School, Census of Anonymised Records (CSO, POWSCAR, 2012) to determine transport catchments**

At national level the acceptance of Dublin's primacy nationally and of its regional polycentricity has consequences for future spatial policy formation and investment prioritisation. The spatial element of *Dublin's Role* which was analysed in fuller detail in Report 2 indicated the need to rationalize resources into a limited number of functional catchments. With respect to the need to maintain the integrity of local areas and communities across the State there is a strong body of evidence and opinion which suggests that a significant redirection of investment into Dublin (with a focus on links to Belfast).

As the spatial orientation of the country is changing towards a more urban dynamic policy has a duty to the urban citizen. The absence of action to address the specific and varied needs of local authorities could arguably see Dublin disimprove in terms of the international rankings for investment and talent attraction.

The opportunity to develop a model based on functional areas with a few key growth centres has never been explored due to regional and political sensitivities. Form, function and funding mechanisms have been examined in isolation. Planning is population targeted rather than employment targeted. Further sub-optimal models for Local Government are likely to be pursued rather than the option of realising real reform and exploring devolution at appropriate scale. A summary of the historical role of local government (LG) - planning and reform is summarised in Appendix 8.

Considering the importance of urban concentration and agglomeration economies to driving innovation capacity, as outlined in earlier literature review, the question is asked whether or not there is a case for greater revenue raising and spending independence for Dublin?

“If we want our cities to be able to compete on the global stage, then we have to start locally. That’s why we’re putting decisions on growth in the hands of the local leaders and businesses who understand their local economy”. (Department of Community and Local Government, UK Government, 2011)

Appropriate levels of autonomous governance are difficult to achieve in the absence of a funding mechanism. Local authorities are under unprecedented pressure, to not only maintain a favourable business environment but to help reduce costs for business. As a sector, local government will need to be practical in balancing the efficient collection of charges against the reality of the current economic situation.

*Funding the Dublin City Region*<sup>117</sup> (DCC, 2008) made the following points which have relevance to appropriate governance of the region:

- Funding the region does not need to come at the expense of other regions
- Dublin is competing with cities outside of Ireland for Investment Tourism and other sources of finance
- For local government to be viable there is a need for modest amounts of local taxation
- There should be a tax sharing system between local and central government.
- In order to ensure continued investment and to maximise return for internal investment there is some merit in reassessing and tweaking the equalisation mechanism of the Local Government Fund<sup>118</sup>. Further investment is required to ensure that Dublin has access to funding to maintain the quality of its built fabric, its connectivity and movement infrastructure.

The Indecon Report<sup>119</sup> (2005) stated the importance of local government in the provision of numerous essential services required by all who live and work in the community and for the maintenance and enhancement of quality of living. It went on to recommend a move towards more locally based sources of funding to plug future gaps in service provision to match demand with cost of providing services.

It furthermore recommended selected targeted local taxation, the extension of water charges on an equitable basis, locally determined stamp duties and contributions to rates from non-principal private residences and commercial buildings not covered by rates. The benefits were identified as improved accountability, flexibility in decision-making and efficiency.

On the expenditure side the report recommended that more autonomy in funding generation would necessarily precipitate greater responsibility and efficiency in expenditure. As a result, the provision of services would therefore need to be delivered on a most cost effective geographic basis. This in turn highlighted the potential need to share services across administrations at regional or other level.

The report furthermore states the following:

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<sup>117</sup> DCC, (2008). *Funding the Dublin City Region – Issues, Strategic Options and Implications*, Dublin City Council

<sup>118</sup> Local Government Fund (1999) is financed through Motor Tax and an Exchequer contribution.

<sup>119</sup> Indecon International Economic Consultants (2005). “Indecon Review of Local Government Financing” (Commissioned by the Minister for the Environment, Heritage and Local Government, Ireland), University of Birmingham.

“Given agreement on which government functions are to be allocated to which level of government, a key question for public policy is how to provide adequate sources of finance to enable local government to carry out its functions efficiently and effectively. One approach is to assign revenue generation powers to local government commensurate with expenditure responsibilities. This is called the principle of fiscal equivalence. When locally raised finance is adequate to meet local expenditure responsibilities there is said to be ‘vertical fiscal balance’ (Indecon 2005, pi).”

The fundamental phrase in the above quote relates to the functions to be allocated to the local government level\*\*<sup>120</sup>. This raises further questions on whether the functions should be strictly local government or whether they should encompass additional responsibilities such as education, policing and/or health.

The vertical fiscal imbalance which currently characterizes local government relates to a high level of local expenditure being funded from general taxation and the current system of centralized government meaning that local government has to raise revenue from a limited set of rates, rents, fees, fines and contributions.

The 2012 Dublin City Council budget, for example, shows that for 4 consecutive years that it has operated in contracting circumstances. Despite this Dublin continues to be the major contributor to the national GDP and primary source and choice of location for FDI nationally. Moreover, it has generated revenue for local businesses by improving its event offer and maintaining and upgrading the fabric of the city. The three year investment plan to 2014 amounts to modest €97.8 million, of which 37 per cent will be incurred in 2012. Dublin City Council has also seen a significant reduction in the Local Fund Allocation from €61.2 million to just over €54 million (DoECLG, 2012).

While Dublin is perceived to receive large amounts of funding its resilience is arguably supporting the state economically. The economic and resource flows are symmetric and while Dublin is a major services employment centre other areas of the State provide valuable natural resources, human capital and strong business activity in sectors such as agri-food, medical devices and bio-pharma.

Dublin for its part has been shown to be a net contributor in terms of tax distribution. The *Dublin’s Role* steering group have added a caveat that these figures are indicative only but provide a useful indication of the importance of Dublin’s importance nationally. Moreover, replicating these figures, it should be noted, would require in-depth analysis of revenue data. Tax attributed to a county are not necessarily reflective of economic activity and are skewed by concentrations of MNE’s, differences between place of residency and place of work and a number of other factors<sup>121</sup>. In the same way that the tax transfer system between the income tax base

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<sup>120</sup> \*\*Section Note: The Government’s DoECLG “*Putting People First*” Local Government reform report was released after this chapter section was written. Of note it states that services administered by local authorities will be funded though a new local property tax to strengthen local responsibility for decision making by authorities. The explicit absence of reference to a Dublin functional area is notable.

<sup>121</sup> An employer’s liability for PAYE is normally attributed to the county in which wages and salaries are paid, even though the employees may work in or live in another county. Moreover,

and the social welfare client should function to realise economic efficiency and fairness<sup>122</sup> – it is arguably incumbent on policy makers, as they broaden the tax base to ensure that the transfer between net contributor regions and regions in receipt achieves economic efficiency, which broadly translates into best return for investment for the State.

Morgenroth (2010)<sup>123</sup> examined the fiscal system and public expenditure at regional level uncovering a pattern of considerable transfer across regions. He states that a perception of regional disparities dating back to at least the 1950's is as acute as ever.

Overall, Dublin and the South West (Cork and Kerry) region contribute substantially to regional transfers. For example, in 2004 just over €2,000 per person were transferred across regions, while in the same year the Midlands region received a transfer of just over €3,000 per person. In absolute terms the level of transfers is also substantial. In 2004 just over €3 billion were transferred from the 'net surplus regions' Dublin, South West and Mid-West to the other regions. Overall, the tax burden (including social contributions) averaged €1,000 per person in 2004 with a high point in Dublin of almost €4,000 per person and a low of €850 per person in the Midlands region. Morgenroth (2010) accepts that it cannot be reasonably established whether the levels of transfers provide an optimal balance between equity and efficiency.

The current Minister for Transport, Tourism and Sport Leo Varadkar received a county-by-county breakdown of tax contribution in 2010 for the year 2008 through parliamentary questions, July 16<sup>th</sup> 2010. These figures come with similar health warnings to those already outlined and found that:

that citizens or companies located in Dublin<sup>124</sup>:

- contributed 55.6% of all VAT in 2008, followed by Cork at 8.8% and Kildare 3.4
- contributed 62.4% of all Corporation Tax yielding €3.2bn out of a total tax of €5.1bn in 2008.
- contributed 50.6% of state PAYE in 2008 producing an estimated exchequer revenue of €5 billion for the Government.
- contributed 38.8% of non-PAYE income tax followed by Cork at 11%, Galway 4.5%, Kildare 4%, Limerick 3.9%, Meath 3.5%, Wicklow 3.4% and Tipperary 3.0%.
- contributed 41% of all Capital Gains Tax intakes

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companies are linked on the tax record with the county address of the head-office or branch which may be different to the city or county addresses of other branches. The distribution of corporate tax between areas can also vary from year to year as companies relocate.

<sup>122</sup> Callan T., Keane C., Walsh J.R. & Lane M. (2010). From Data to Policy Analysis: Tax-Benefit Modelling using SILC 2008. In: *Journal of the Statistical and Social Inquiry Society of Ireland*. Vol XL, p1-10

<sup>123</sup> Edgar Morgenroth (2010). Regional Dimension of Taxes and Public Expenditure in Ireland, In: *Regional Studies*, Vol 44, Issue 6, p777-789

<sup>124</sup> A number of caveats are attached to these figures due to reporting discrepancies such as Corporation Tax being collated based on the county address of company HQ or the relevant branch for tax purposes.

- (Source: Figures taken from response to parliamentary question (PQ's) July 2010<sup>125</sup>)
- Dublin paid 41% of all Capital Gains Tax

Then Deputy Varadkar commented at that time:

“Dublin accounts for a quarter of Ireland’s population but pays more than half of all the tax in Ireland.... Strong, clean, well-run, liveable cities with good infrastructure don’t just generate wealth and economic activity for themselves they also enrich their hinterland. City regions are the future internationally and in Ireland.”

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<sup>125</sup> <http://www.leovaradkar.ie/?p=1076>

### **3.4.2 Perception from Interviews**

This section contains feedback from interviews on local government and the planning process.

#### **Planning**

Dublin is a city which has increasingly sought to promote itself as a city with world leading business infrastructure. However, over the course of the interviews conducted several issues with the planning system and associated development were raised. For example, it was expressed on a number of occasions that unfinished developments have a negative visual impact, especially in the North City Fringe and the Docklands, and reflect badly on the city, while the property boom has left Dublin with sprawling suburbs and a system of distant commuting towns.

A number of interview respondents expressed an opinion that with the collapse of the Irish property market the planning profession has both suffered a loss of credibility and has increasingly been looked to fix the problems associated with the property boom. During the property boom development sprawled into the surrounding Dublin hinterland and Dublin's infrastructure needs to be retrofitted to cope with changed demand and commuting patterns. This problem has been exacerbated by the deterioration in the government finances and the resulting diminishing resources.

Around 20 percent of interviewees felt that there is a need for a greater and more shared evidence base in development planning based on various data sources such as demographic trends, employment, infrastructural capabilities (wastewater treatment, transport provision), tertiary services and other relevant sources. These respondents in particular expressed an opinion that research which focuses on demographic and employment trends would undoubtedly greater inform planning and make it more effective. There was a strong and broad feeling that we must at all costs avoid another bubble in the future.

There was a common thread through many of the interviews that the "planning system needs fixing." The collapse of the property market has exposed poor planning decisions, and furthermore, a laissez-faire approach to development, coupled with high-profile political corruption, has led the planning system to suffer a serious loss of integrity. On a number of occasions it was suggested that implementation of the Mahon Report Recommendations (see Appendix 8) would go some way to increasing the credibility of the planning system. Many of the regulatory and policy frameworks already in place can also improve the planning professions' credibility, however, these do require greater coherency. For instance, Part V of the Planning and Development Act (2000) requires a fundamental review as stated by two interviewees. Currently there are several clauses which allow or disallow certain development types in relevant circumstances. In order to prevent planning authorities again becoming overwhelmed by development activity, interpretation of policy must be as clear as possible.

It was felt by three interviewees that over time the introduction of core strategies in development plans should eliminate the worst of over zoning. However, should the

economy pick-up again it will be difficult to balance reductions in zoning with development demands. As two interviewees stated, in the past local authorities were over-reliant on planning applications as a source of revenue, which ultimately proved to be unsustainable.

More equitable funding mechanisms are now required. Reducing the contribution of development levies to infrastructural developments would reduce the burden on businesses and the property development sector.

“Planning is the key role for Local Government – the appropriate provision of space has a catalytic function”

Over the course of the interviews various participants put forward a number of practical suggestions to improve planning:

- The need for a robust evidence base to track performance of plans and policies
  - *MyPlan* is an activity indicator and represents democracy in action
- Service level indicators are particularly useful in terms of tracking LA performance
- There additionally is a need for a greater understanding of evidence based tools. These tools provide an important lens through which to view the city. The evidence base is crucial. It was expressed on a number of occasions that the lack of evidence during the boom years has seriously undermined where we are now. The example of the Department of Education not using GIS and advanced data analysis up until the last 5 years was given. This was offered as an observation rather than a direct criticism of a unit which has since upgraded significantly.

“There is a need for better and better tools to understand the dynamics in play”

“Modelling of population growth and future population scenario’s is crucial”

- All relevant data needs to be synthesised and this requires collaboration between stakeholders and collaboration between Local Authorities (LA’s)
- A specific reference to units within councils was that they need to be combined to form one “development” section – this section would have the capacity to act to address areas where market failures occur.
- Universities are a crucial resource in assisting planning authorities
  - Land use and building surveys are required
  - Building condition surveys should be made a “standing item” with LA officers managing a student resource

“Effective and informed policy frameworks are required to re-imagine the fabric of the city”



### *National Spatial Policy and the need for Clustering Economic Activity*

- The NSS was on a number of occasions considered to have perpetuated a form of regionalism and territorial dimensions that a country of Ireland cannot afford to indulge in. However, there was a sentiment in equal measure that it was ignored by central government departments outside of the Department of Environment(DoECLG).

“There is no real NSS, it was ignored by central government”

A very strong message was that the NSS did not face up to the fact that there is only room for 3-4 regional gateways as opposed to 9. A consensus was noted in interviews Ireland’s gateways should be redesignated to take this into account, and the smaller number of gateways should be the focus for job creation and innovation drives. At a time of scarce resources the greatest return from investments should be sought. Around 50 per cent of interviewees felt that a few key centres, in particular Dublin, would provide the maximum benefits while still maintaining national spatial integrity. It was expressed as well on a number of occasions that there needs to be clarification on the importance of being a global city and of competing on a global scale

“We need to build our authorities across the functional cities”

One respondent stated simply that there are too many Gateways in Ireland and the key centres are three – Dublin, Cork and Belfast. This opinion does create a regional disparity of sorts it was admitted.

Interviews did in fact indicate a general body of opinion which favoured at least 2-3 key growth centres outside of Dublin with the concept of creating an economic (road-based) corridors linking to Dublin and between Cork and Shannon which would create a larger regional employment catchment in that region, link universities and institutes of technology and two international airports.

Nonetheless it was expressed on a number of other occasions that other regions such as the West have key assets of value to the country which should be appreciated and can carve out niche industries in tourism, agri-food and renewable energy. Equally the value of Dublin to the Midlands and West in providing jobs for graduates and generating finance for services should be equally appreciated. ..“it’s a give and take situation”

- The co-location of government within the capital was seen as a positive aspect. Dispersal was referred to as a regionalism trap. One interviewee stated that:

“Overblown (and pathetic) regionalism is detrimental to economic success as too many mandates are based on parochial promises”

- The governments decentralisation policy was seen as an exacerbation of regionalism and an exercise in introverted localism and political favours by 4 interviewees. A number of respondents made the point that if decentralised locations had followed Gateways and Hubs and aligned with the NSS then the scheme could have been better subscribed and a more successful.
- While the National Spatial Strategy was presented as central tenet of national policy, in reality there is a disconnect with other government policies which fail to take it into account. Most government departments were viewed as inconsiderate of the NSS or failing to communicate with the Department of Environment, Community and Local Government in their spatially oriented decision making (2 interviewees).

“the other Departments do not look at Gateways, they are silo’d – a lack of distillation of national policy down to the regions seriously undermines the viability of the regions.”

- The NSS was generally considered an attempt to address balanced regional development which was weakened considerably by political influence and then subsequently completely discredited with the attempt of decentralisation to over 53 locations across the State. It was noted that the research and background papers of the NSS were much stronger than the final output.
- The need to set regional employment targets to complement population targets recurred throughout the interviews.

“Gateways need to be more than a label but a target. The NSS missed out by setting population targets rather than employment targets that the regions needed to deliver. There was an obsession with spatial development.”

Interviewees also stated that Gateways should be regional employment centres within surrounding commuting catchments. With recent improvements in infrastructure it is more feasible for surrounding towns to become residential centres which service the nearby Gateways. Instead of seeking to attract investment and employment these towns should focus on placemaking and improving the quality of life. Such a strategy would strengthen returns in to investment.

“The current national to local system is disconnected and doesn’t work”

#### Ambitions for Dublin

Many of the participants expressed optimism and hopes of how they would like Dublin’s city centre to develop over the next 10 years.

Aspirations include a firmly established living city, the further pedestrianisation of the capital’s streets, a centralised plaza in College Green and a revitalised Grafton Street. Districts across the city would benefit from the development of central plazas and green pedestrian and cycle routes between distinct city quarters.

Interview participants were generally forthright in stating that appropriate planning needs to be accommodated to raise the socio-economic profile of the city centre and encourage family living. A new emphasis on living in the city centre could see the repopulation of Georgian quarters, reverting them from commercial uses. “Georgian Dublin” should be a thriving residential quarter, as one respondent stated.

A long term perspective was viewed as necessary to increase the viability of living in the city centre. It was highlighted on numerous occasions by interviewees that a high standard of living in the city centre is seen as important if the creative sector of the economy is to grow. Planning has an important but longer term passive role in allowing this sector to flourish through the creation of quarters in the city

In general parks and other public spaces in the city were viewed as requiring better access. However, in areas with antisocial behaviour there is merit in closing them off for an extended period of time, between 12 months and 2 years, so as to limit anti-social elements and to disperse them. This will facilitate efforts in rehabilitation.

Green spaces were viewed as needed not just in public spaces but also in private shared space such as apartment complexes. This was broadly expressed on three occasions. This will enhance their attraction to family units, it was felt. Such actions would enable Dublin to develop high quality density, as in some interviews it was highlighted that there is a need to increase the density of the metropolitan area.

“We need to create a nice place for people to live”

Owners of derelict sites need to be more accountable, and while there has been a problem with property developer insolvency, if they can afford to be made accountable they should be. The derelict sites levy was considered ineffective up to a point by one interviewee and that local authorities need to better use the tools at their disposal.

## Local Government and Governance Issues

The common and recurring insight was that the powers of local government have been diminished and that local government powers should be extended.

One eye-catching quote stood out regarding the role of Local Government:

“Local government is the kindergarten for national politics but it has been neglected”

This single perception ties in with a presentation delivered at conference in 2009 on “Political Reform in the Republic of Ireland” by Dr. Aodh Quinlivan who showed that in 2007 75 per cent of TD’s were previously councillors. These TD’s he stated were councillors with greater powers of patronage but that once in power TD’s abandon the notion of strengthening local government.

In summary respondents felt that:

- The main aim is to deliver good quality services at most competitive rates – a best services to rates ratio;
- Planning drives the decisions of the four Dublin Local Authorities and;
- It is planning and community service maintenance which are key functions.
- A more strategic voice mentioned the importance of creating a good place to be and a quality public realm and that Local Government had a responsibility to provide this first and foremost (with one eye on creating this quality space to attract investment and talent).

More strategically it was suggested that local government (LG) needs to consider

- Extent and functional area
- The provision of regional versus local services.
- The perception of what LG does and what it is expected to do.
- Priority areas of housing, transport, education and place-making. Local government should have a mandate in all these areas to rationalise and streamline development.

In terms of competition between city and county councils it was argued that between the four local authorities in Dublin it was negligible but that the competition that existed was healthy and helps drive a better quality of service.

Elsewhere another interview provided a supporting message: to get people/business into the city we need to consider a) rates b) building quality and approvals c) the quality of the transport network.

These various expressions on local government led to similar conclusions. These were namely that defining a functional area for Dublin is possible within reason but securing acceptance of any one functional area would be difficult. The form of the administrative area would necessarily follow the functions or controls given to that area in question.

“In terms of developing appropriate governance structures it is firstly obvious that the functional area extends beyond administrative area. To govern Dublin we need to start with a blank sheet and develop a coherent vision for the city from there.”

With regard to diminishing function concerns were raised by numerous interviewees. The over centralisation of services will not necessarily streamline delivery and adds complication rather than simplification. For example, the centralisation of water control will add another layer of complexity. One interviewee stated that if a company approaches local government they can query engineering and see if FDI can be accommodated but now will need to go to a third party. What will the third party view be on the allocation of water?

“Local government powers have been diminished –losing elements of waste and water services responsibilities – what then is its *raison d’être*? “

There was a body of opinion that during this “pause” in economic growth and development pressures there is an opportunity to re-evaluate local government and reset it. With regard to the planning function however a strongly expressed opinion was that a lot of the regulatory and policy framework elements are now in place but there is a requirement to bring these elements together and for coherency across the various policy that relate to planning.

Another interesting point that was raised on a number of occasions was the expression that local charges and taxes would be much more acceptable to citizens if they could see improvements in their local neighbourhoods as a result.

“People will pay if there is transparency and a cause and effect model is introduced.”

In a related argument it was suggested that the case must be made that parks, broadband infrastructure and other services need to be paid for but also that LA’s need to better demonstrate to the public what they deliver. Two similar opinions were that until people realise the benefits there is a need to spend money to show where development contributions have paid for local services for example, the local park upgrade.

### **3.4.2.1 A Directly Elected Mayor and a Dublin Super Authority**

A report by the Warwick Commission on Elected mayors and City Leadership<sup>126</sup> argues that elected mayors put a face on a city when very often cities as drivers and nodes of globalised economic development. (Grint, 2012, p27). Moreover, the switch from a council leader to a DEM injects dynamism into a place, it is argued. Mayors are more connected with the citizens of the city and less constrained by party politics and committee work.

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<sup>126</sup> Grint, Keith. (2012) Elected Mayors and City Leadership – Summary Reprint of the Third Warwick Commission –What is the role of elected mayors in providing strategic leadership to cities? University of Warwick, Coventry, UK

“... leadership challenges (are) ‘situational’ and the recipe and route-map will need to vary according to the local heritage and situation. Optimum outcomes will require public servants and elected representatives to demonstrate courage, energy and a willingness to challenge long-held norms” (CIPFA, 2012)

This issue was raised during the interview process. It is briefly addressed here as a relatively Dublin specific issue. The Local Government Green Paper “Stronger Democracy, Options for Change” (DoEHLG) 2008 addressed this issue in detail. In the paper it was inferred that a directly elected mayor (DEM) for Dublin City would not disrupt existing general administrative and structural arrangements for the GDA.

Interviews showed that the majority of respondents felt that the Dublin region, composing the 4 local authorities or “home counties” would be the preferred and most effective option for a DEM and that a figurehead would be good for the city, democracy, FDI, tourism and events, and relationship building with other global cities.

It was generally felt that a DEM as a visible leader may aid the emergence of coherent city region perspectives. It was expressed that a mayor without operational responsibilities and powers would struggle to make a real difference and enable policy change.

Opinion from interviews was somewhat divided on the issue of a super authority for Dublin. One opinion expressed on a number of occasions was that as planning and place-making is a central remit of local government it is good to have elected representatives voting exclusively on their local area.

It was conversely noted that having electoral representatives involved in planning has been at the root of corruption and the role of politicians has been largely negative regardless of who was voting on what and where. Another respondent felt that there is a case for a single authority in some areas such as economic development and planning.

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**For a synthesis of all results (from reports 1, 2 & 3) and for recommendations please download and examine Report 4 *Synthesis* available at <http://www.dra.ie>**

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