

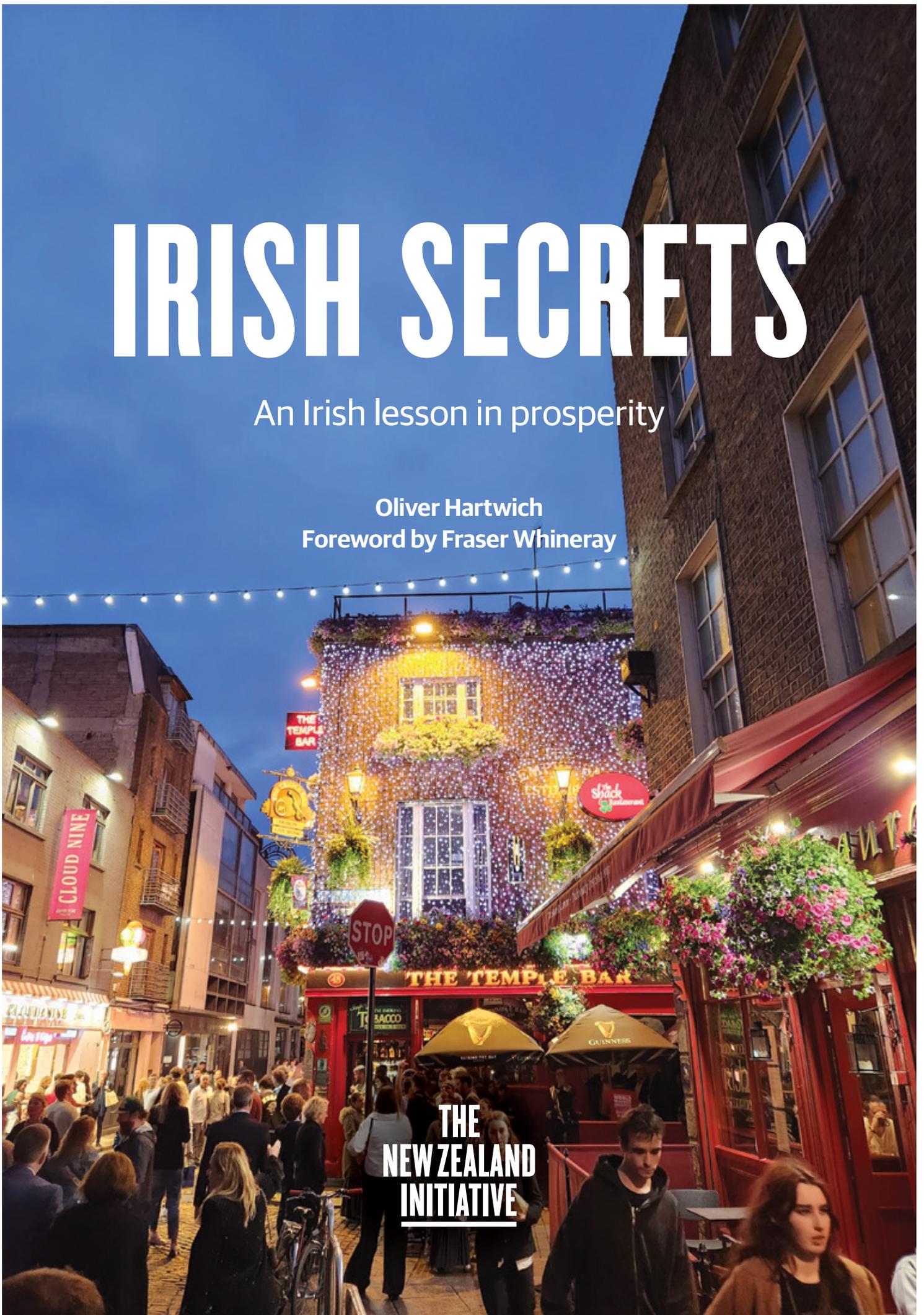
IRISH SECRETS

An Irish lesson in prosperity

Oliver Hartwich

Foreword by Fraser Whineray

THE
NEW ZEALAND
INITIATIVE



ABOUT THE AUTHOR



Oliver Hartwich is the Executive Director of The New Zealand Initiative. Before joining the Initiative he was a Research Fellow at the Centre for Independent Studies in Sydney, the Chief Economist at Policy Exchange in London, and an advisor in the UK House of Lords. Oliver holds a Master's degree in Economics and Business Administration and a Ph.D. in Law from Bochum University in Germany.

ABOUT THE NEW ZEALAND INITIATIVE

The New Zealand Initiative is an independent public policy think tank supported by chief executives of major New Zealand businesses. We believe in evidence-based policy and are committed to developing policies that work for all New Zealanders.

Our mission is to help build a better, stronger New Zealand. We are taking the initiative to promote a prosperous, free and fair society with a competitive, open and dynamic economy. We develop and contribute bold ideas that will have a profound, positive, long-term impact.

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FOREWORD

BY FRASER WHINERAY,
HEAD OF THE DELEGATION

The New Zealand Initiative has again shown outstanding leadership with its third delegation to a small, advanced economy to learn, understand and see what could be done in New Zealand to improve the outcomes for all citizens.

As with Switzerland and Denmark, the itinerary focused on multiple aspects of society, history, economy and regional/global positioning. We were again fortunate to have access to government, business, education and media leaders in both the Republic of Ireland and Northern Ireland, through which we could build, test and triangulate our understanding across five days.

As usual, there was significant discussion “on the bus”. Delegates had diverse views on what we were observing, and several of the team were from Ireland, providing a beneficial source of additional context.

Whilst there were similarities to the previous delegations, the Irish visit produced greater anxiety and urgency about New Zealand’s position and direction. Perhaps this was due to the timing or the greater cultural commons with Ireland relative to previous delegations. Still, there was no doubt Ireland and its people were surging ahead on most measures.

Often, dismissive memes are used to explain away another nation’s success. And yes, each country does have absolute and relative comparative advantages. In Ireland’s case, it would be that they are part of the EU, have received extensive net investment flows and have a low corporate tax rate.

But there are many examples where countries blessed with natural resources or geography have *not* performed well for their citizens. However, Ireland (like Denmark and Switzerland) has played its hand very well.

In this delegation summary, the essential themes are well traversed. The alignment of the functions of Government around a common strategy, and the country and its people proactively seeking FDI and all that it brings (much more than money) to communities, education and wellbeing.

Of course, and quite unusually for a business-funded NGO, the Initiative examined education closely. This is where the relative concerns to New Zealand’s predicament were most acute.

Education does not depend on a country’s natural endowments, though it is essential to its only



Fraser Whineray

long-term source of competitive advantage, its people.

I asked the head of Intel’s multi-billion-dollar factory what the job prospects at this site would be for a student from New Zealand that had not studied core sciences and maths but a proposed ‘science-light’ curriculum out for consultation in our country. He was aghast. We were embarrassed. And deeply worried.

As with the other delegations, we observed a government that was citizen-centric, transparent, very focused on quality education and encouraged international connectivity rather than embracing isolation.

The United Kingdom must observe, somewhat jealously, what has been achieved by the Republic of Ireland in the last four decades. And I do too.



Samuel Beckett Bridge, Dublin



INTRODUCTION: A MODERN RAGS-TO-RICHES STORY

Ireland's transformation throughout modern history is nothing short of astonishing. Although many still associate this European island nation with past poverty and political strife, the narrative has evolved significantly.

To understand the depth of Ireland's challenges, consider its demographics. In 1841, the population stood at 8.2 million. However, after the devastating Irish Potato Famine of 1845-52 and subsequent mass emigration, numbers plummeted to 4.2 million by 1931.

For nearly 100 years, Ireland was a place many sought to leave, facing grim prospects at home. Frank McCourt's memoir *Angela's Ashes* offers a poignant insight into these hardships.

The extensive emigration led to a widespread Irish diaspora. Today, many nations boast significant populations with Irish roots:

- In the US, about 36 million people (11% of the population) identify as Irish.
- In the UK, around six million people (10%) have at least one Irish grandparent.
- Canada has 4.6 million residents (13%) claiming Irish descent.

- Over two million Australians (10%) acknowledge Irish roots.
- In New Zealand, roughly 800,000 individuals (15%) have Irish ancestry.

This historic exodus from Ireland is exceptional, especially in European terms. However, what is equally notable is Ireland's resurgence in the late 20th and early 21st centuries. Modern-day Ireland brims with vitality, confidence, and drive.

Let us turn to the numbers for a clearer picture. Currently, Ireland's population stands at 7.1 million: 5.1 million in the Republic of Ireland and 1.9 million in Northern Ireland.

Interestingly, Ireland remains the only European nation with a population count below its mid-19th century numbers. Nevertheless, this figure has almost doubled in the last 90 years.

Behind this population increase lies a vast improvement in Ireland's economic performance.

The world first noticed something remarkable happening in Ireland in the late 1990s. It was when the term 'The Celtic Tiger' was coined and the Republic's economy expanded by around 10 per cent per year on average.

Ireland's growth story continued in the 21st century, although it was brutally interrupted by the Global Financial Crisis, which hit the country hard. And still, it was only a temporary setback in Ireland's rags-to-riches story.

World Bank data allows us to put Ireland's economic growth into perspective. In 1990, Ireland had a per capita GDP of \$13,744, adjusted for purchasing power and expressed in current international dollars for easy comparison. This was slightly less than New Zealand's \$14,836. Both countries lagged behind the Organisation for Economic Cooperation and Development

(OECD) average of \$16,618 and were significantly behind the US's \$23,889.

Fast forward to 2022, and the landscape looks vastly different. Ireland has surged ahead with a per capita Gross Domestic Product (GDP) of \$126,905, surpassing the US's \$76,399. In contrast, New Zealand's GDP per capita stood at \$51,967, slightly below the OECD average of \$53,854.

To express all this differently, while Ireland's GDP per capita was 92% of New Zealand's in 1990, by 2022, it had skyrocketed to 244% of New Zealand's figure.

From the outset, it is important to note that Ireland's GDP figures should be treated cautiously. The presence of multinationals, tax strategies, contract manufacturing, asset depreciation, and other statistical nuances can skew these numbers.

While these elements can and do distort economic data, it is undeniable that Ireland has experienced significant growth.

So, what fuelled Ireland's impressive growth? And what lessons can other countries like New Zealand draw from their experience?

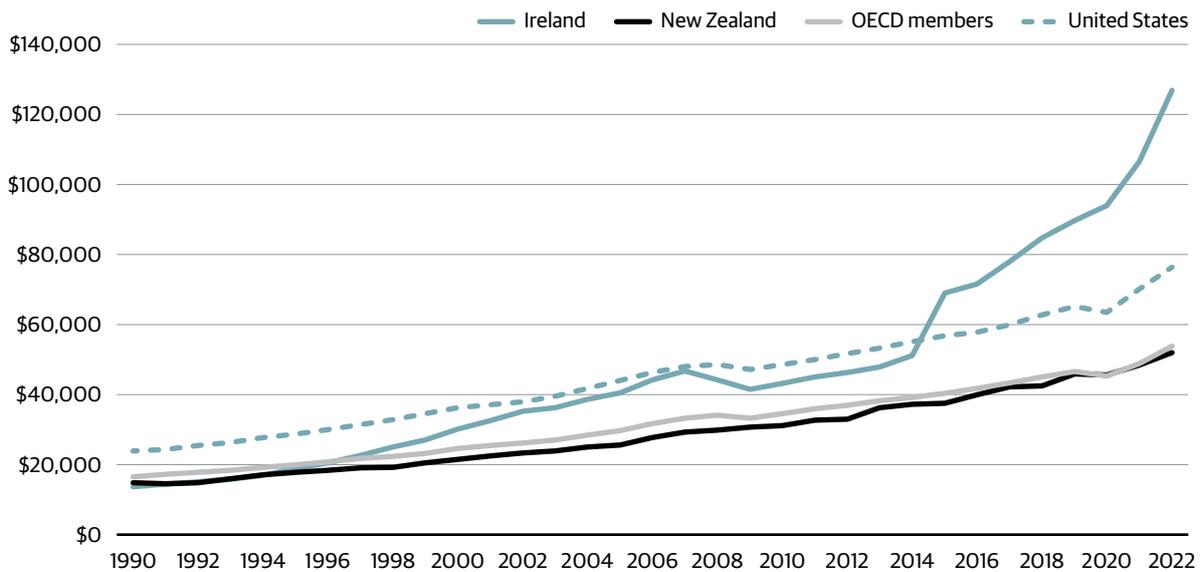


Figure 1: GDP per capita (purchasing power parity / current international \$)



Trinity College, Dublin

We wanted to find answers to these questions, so we arranged a delegation of members of The New Zealand Initiative on a study tour of Ireland in the last week of June 2023.

This tour continued a tradition we began in 2017, starting with a visit to Switzerland. In 2019, our journey took us to Denmark and South Sweden. We intended to explore Ireland in 2021, but the pandemic's travel constraints delayed our plans.

Our choice of Ireland and our past destinations was based on their similarities with New Zealand.

Each of these countries is small, thriving and democratic. While we can compare New Zealand with larger economies, smaller nations have unique dynamics that make comparisons more meaningful.

Moreover, there are notable similarities between New Zealand and the Republic of Ireland. Both are English-speaking island nations with a larger neighbour. They have populations slightly above 5 million and a prominent agricultural sector. They stand in the tradition of the Common Law. They are celebrated for their natural landscapes and have a widespread diaspora globally.

Both countries even share enthusiasm for similar sports, highlighted by Ireland's recent rugby achievements, which locals frequently reminded us of during our visit.

So, there are many similarities between Ireland and New Zealand. And yet, as described, the two countries have been on different economic trajectories for the last three decades. We wanted to discover why, and this short essay explains what we found during our visit.



Library at Trinity College, taken by Neeraj Lala

A PASSION FOR EDUCATION

At first sight, Ireland and New Zealand seem to share similar education results, especially in their average Programme for International Student Assessment (PISA) scores. In 2018, 15-year-olds in Ireland scored slightly higher in reading and mathematics and slightly lower in science than in New Zealand.

However, these similar scores mask real differences. In Ireland, only 12% of the variation in mathematics proficiency could be attributed to socio-economic status. In contrast, advantaged students outperformed disadvantaged students in reading by 96 score points – about two school years in New Zealand. New Zealand had some of the most significant variations in reading and science achievement.

Ireland's education system shows a smaller discrepancy between good and bad performers than in New Zealand. It demonstrates greater fairness in performance across socio-economic backgrounds. This difference in equity is noteworthy and significant. New Zealand would do well to consider how the Irish have managed to bring good education outcomes to students who, in New Zealand, would probably struggle a lot more.

A good education system helps lift the least privileged children in society.

Schools can easily educate students from families with well-educated parents, with no shortages of necessities, and where books, sports, and the arts are cherished. However, to judge a system's success, we must examine the education outcomes for children lacking some of these advantages.

In New Zealand, we often see differences in educational attainment based on a student's personal background. Our education research has identified key factors predicting success, with the parents' formal education level being the most critical.

New Zealand only manages to provide high-quality education to some students. Numerous studies have shown that students' socio-economic background shape our education results. Thus, we were curious about how Ireland ensures fair education.

Since 2006, Ireland's main tool for this has been a programme called DEIS, standing for Delivering Equality of Opportunity In Schools. The Irish word 'deis' also means 'opportunity'.



*John Fitzgerald,
Inspectorate, Department of Education*

DEIS aims to reduce inequality in schools in struggling communities. It currently serves 240,000 students across 1,200 schools, with a budget of €180 million for 2023.

DEIS's core focus is educational fairness. It strives to make every child feel valued and supported in reaching their full potential. It focuses on five main goals:

1. Ensuring an accurate assessment framework.
2. Enhanced learning experience and outcomes.
3. Teacher and leadership skill-building.
4. Encouraging collaboration between agencies.
5. Establishing research information evaluation and feedback.



Department of Education session held at Foreign Ministry, Iveagh House, Dublin

These broad aims become specific actions like improving attendance, retention, literacy, numeracy, wellbeing, supporting educational transitions, and building partnerships with parents and others.

The Irish education ministry uses a model based on a deprivation index, student enrolment, and census data to qualify for DEIS. That said, no school is forced to participate in DEIS. Participation is voluntary.

Once involved in DEIS, a school gains many support mechanisms. These include DEIS grants based on disadvantage levels, more funds for books, and smaller class sizes.

DEIS schools also have access to a Home School Community Liaison (HSCL) coordinator service. These coordinators help to forge links with parents, schools, and communities, aiding transitions and promoting parents' education.

There is also a separate School Completion Programme (SCP). This helps students in disadvantaged areas stay in school and finish their

Leaving Certificate. It is part of a broader social inclusion strategy that includes interventions to help children and young people who might need more time to reach their full potential due to poor attendance, participation, and achievement.

Additionally, DEIS provides:

- Literacy and numeracy aid.
- Inspectorate-backed planning support.
- Professional development priorities.
- School meal programme access.
- Extra leadership teacher positions.
- More guidance teacher allocation at post-primary levels.

In short, DEIS schools can access an extensive array of benefits. But the most important thing is that it works.

Schools participating in DEIS have seen completion rates increase, with the gap between DEIS and non-DEIS schools shrinking from 16.8% for the 2001 entry to about 8.6% for the 2014 entry.

Moreover, the latest PISA round (2018) has shown Ireland's school system to be both high-performing and more equitable. Ireland now has among the lowest percentages of low performers from disadvantaged or migrant backgrounds in the European Union (EU).

Ireland also has the second-best result for 4th graders' literacy in the world (after Singapore). In the 2021 Progress in International Reading Literacy Study (PIRLS), Irish students scored an average of 577 points for literacy at that age, outclassing New Zealand at just 521 points.

Our delegation was impressed with DEIS. Though other countries are trying to enhance education outcomes for disadvantaged communities, few have developed such an inclusive programme as Ireland, and even fewer have seen such positive results.

This might be the most significant difference between Irish and New Zealand education.



Roinn an Taisiú
Department of the Taoiseach



ROLLING OUT THE RED CARPET: FOREIGN DIRECT INVESTMENT

As similar as New Zealand and Ireland appear at first sight, there is one major policy difference between the two countries. Among the world's developed economies, New Zealand stands out as one of the most challenging places to navigate for foreign investors.

By contrast, Ireland is not only a much more welcoming destination for international capital. It has also been much more successful in attracting foreign direct investment (FDI).

At The New Zealand Initiative, we have researched foreign direct investment policy for many years. We have been concerned by New Zealand's lack of integration into international value chains resulting from its hostility to FDI.

For this reason, we were particularly interested in Ireland's approach towards international investors. We wanted to understand how the Irish deal with them, how they attract them and ensure they feel welcome.

Before we get into a couple of case studies on FDI that we visited, we should put some numbers to Ireland's FDI story to put them into context.

The stock of FDI as a percentage of GDP gives us a good indication of the importance of FDI in an economy. New Zealand currently has inward investment worth 39 percent of its economy. The US is only slightly higher at 44 percent. Meanwhile, the OECD average stands at 51 percent, while Britain

and Canada record a much higher 68 and 88 percent share.

But compared to all these countries, Ireland plays in a different league. Its inward FDI stock stands at 266 percent of GDP. This is the third-highest level in the OECD, only beaten by the Netherlands (280 percent) and Luxembourg (1,405 percent).

It is also worth noting that since 2012, Ireland has increased its FDI inward stock from 170 percent of GDP to 266 percent today. Over the same period, New Zealand's figure fell from 40.6 to 39.0 percent.

One reason for this divergent development is the different approaches to foreign investors.

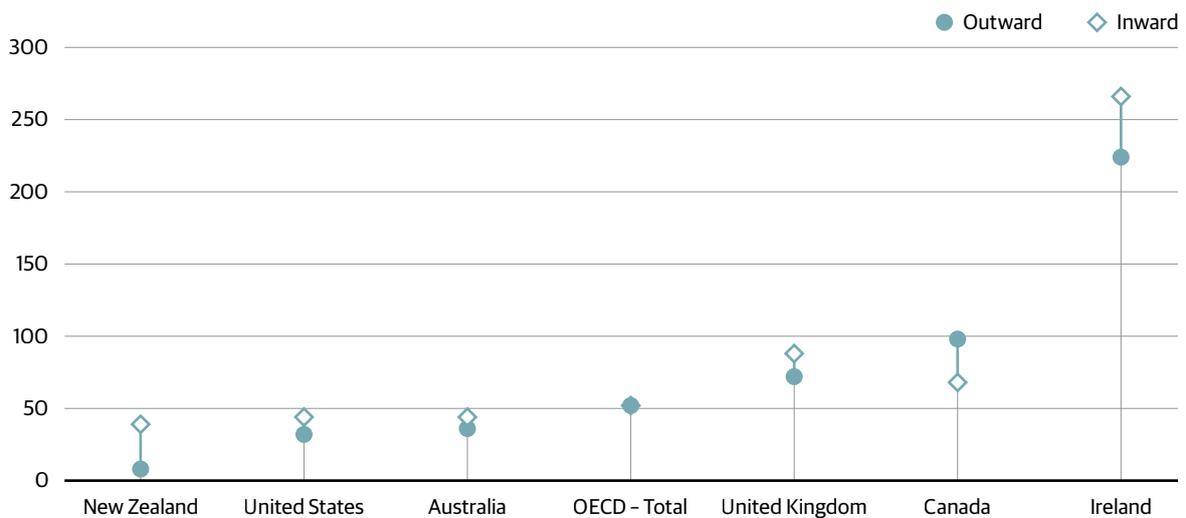


Figure 2: FDI stocks (percent of GDP) - Source: OECD

The OECD measures regulatory hurdles for foreign investors with its FDI restrictiveness index. According to that index, New Zealand is the most closed economy in the entire OECD for foreign investment. In contrast, Ireland is more open than the OECD average.

However, the OECD's restrictiveness index does not tell the whole story. That is because it only measures the hurdles facing international investors.

But some countries do not just have lower barriers to entry; they also actively try to make investors feel welcome. And such a welcoming country is Ireland.

On our visit, we came across this welcoming attitude many times. Foreign investors bringing their capital, ideas and people to the island is seen as an all-round positive - indeed, as something desirable.

This perception of FDI is widespread and is held across the political spectrum. As Simon Coveney, the Minister for Enterprise, Trade and Employment, told us, he could not travel anywhere in Ireland without the conversation turning to the question of what he could do to help attract foreign investment to the region.

This is understandable because there is no shortage of successful FDI examples across the country.

We visited Thermo King in Galway, a factory producing cooling units for trucks and trailers. In Dublin, we had a chance to experience Intel's Leixlip Campus, where the chipmaker invested more than NZ\$50 billion over the past three decades.

In both cases, though in different industries and scales, we saw state-of-the-art manufacturing facilities. These had not just created direct employment opportunities but also generated significant spill-over effects into their local economies. Thermo King was engaged with engineering departments of local universities. Intel had become the centrepiece of a whole cluster of tech companies.

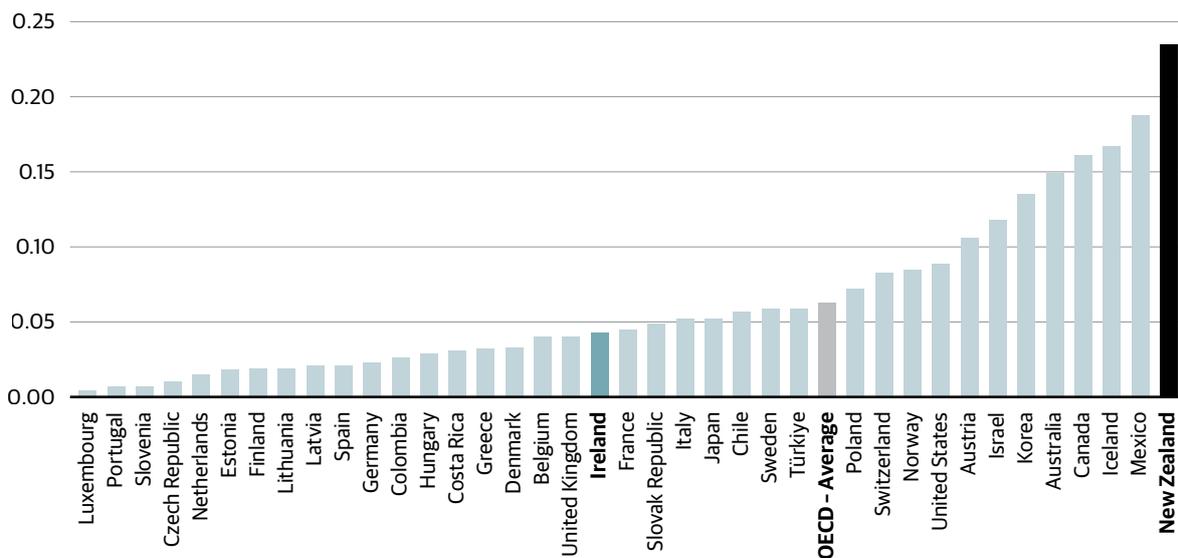


Figure 3: OECD FDI restrictiveness index (0 = open, 1 = closed)



Intel visit, Dublin



Thermo King, Galway

The benefits of FDI are there for anyone to see, and the numbers are impressive, too. The IDA Ireland, initially founded as the Industrial Development Authority, is the agency responsible for attracting and retaining inward foreign direct investment. As of late last year, its clients employed more than 300,000 people, invested more than Euro 9 billion and spent another Euro 30 billion in the Irish economy. These are impressive figures for a country of little more than 5 million people.

Looking at the general presence of the world's leading companies in Ireland is equally impressive. Ireland is now home to 9 of the top 10 US technology companies, all the world's top 10 pharmaceutical companies, the top 5 global software companies, 14 of the top 15 medical technology companies, 8 of the top 10 industrial automation companies, and 20 of the top 25 financial services companies.

We met with an IDA representative on our visit to Galway, and we were impressed by the comprehensive package the IDA offers to potential investors.

IDA's mission is to help international investors looking to establish or expand their operations in Ireland. Having been in operation for over 70 years, IDA Ireland has tailored its services to meet the needs of small start-ups to large multinational corporations.

IDA is engaged in every aspect of companies locating to Ireland. From finding the right location to understanding Ireland's legal circumstances, IDA provides a kind of concierge service.

It offers a variety of funding programmes and incentives specifically designed to encourage investment, research, and innovation. These tools help companies establish and scale their operations within Ireland's borders.

Moreover, the IDA provides access to Irish research and training centres, creating a bridge between businesses and the country's wealth of knowledge and expertise. This not only aids in attracting prospective FDI but also supports firms in developing their operations.

One of the pillars of IDA Ireland's service offerings is its expertise and guidance. It offers an array of dedicated services to smoothen the investment journey for foreign investors. For example, we were told that IDA helps companies with visa applications for their staff – and even finding good school places for their children.

An organisation like IDA does not even exist in New Zealand. There is not even a remote equivalent. Many international investors in New Zealand face the Overseas Investment Office (OIO), of course. But rather than helping these investors set foot in New Zealand, the OIO's task is to ensure compliance with the restrictive requirements of the Overseas Investment Act.

Where Ireland rolls out the red carpet to international investors, the only thing red these investors see in New Zealand is a stop sign.



Temple Bar, Dublin

A BUSINESS-FRIENDLY CULTURE

What we learned about Ireland's openness to FDI was inspirational. As mentioned before, we were also impressed by Ireland's focus on education, which creates an attractive pipeline of talent for companies settling in the country.

So, it would be tempting to copy the Irish approach to issues like foreign investment and education and introduce them to New Zealand.

However, we also learnt something else while in Ireland, and that was that many of these policies are a result of Ireland's cultural background.

Ireland has more than just business-friendly policies. It has a business-friendly culture. Thus, Ireland's positive economic environment is not merely a result of supportive policies but is deeply ingrained in the social fabric.

The Irish government's commitment to creating a favourable economic environment contributes to the business-friendly culture. Having one of Europe's lowest corporate tax rates is an element of that. Still, as we heard many times, it is no longer the most decisive factor anymore.

Equally important is the efficient coordination between the public and private sectors. Our speakers from government institutions and the private sector kept stressing the need to be on the same page, work towards shared goals and ensure that Ireland is prosperous. Though some of this may be rhetoric, we could not help but feel there was more to it. It has been quite some time since we have heard similar rhetoric in New Zealand.

The business-friendly culture in Ireland is a complex, multi-layered phenomenon. It goes beyond policies and regulations and is rooted in social norms and values.

Unfortunately, that makes Ireland's success formula hard to emulate. It would not be enough to copy, for example, their FDI policies. We could not just create a New Zealand version of the IDA and expect it to succeed. Sure, having a dedicated organisation in favour and in support of FDI would be an excellent addition to New Zealand. But on its own, it would not be enough. It would need popular buy-in as well. And for that to happen, it needs people and organisations making the case for such a change in culture.



Michael Patten, Chief ESG and Corporate Affairs Officer, Glanbia

CONCLUSION

Over the past few decades, Ireland's journey is a testament to the positive impact of effective public policy, international openness, and sustained economic growth. From an education system that not only serves but lifts all students, to its stunning capability in drawing foreign direct investment, Ireland serves as a beacon for what is possible when policies align well with a nation's ambition to move ahead.

Crucially, it is not just about good policies; it is about a society that supports these policies.

Ireland's prosperity is deeply rooted in a business-friendly culture that sees private enterprise not as a necessary evil but as a vital part of a thriving community. This culture underpins all areas of public policy, making Ireland's approach deep-rooted and extraordinarily successful.

As New Zealand contemplates its path forward, much is to be learned from the Emerald Isle. While it might be tempting to directly transplant Ireland's policies, such an approach would ignore culture's vital role in shaping these policies' effectiveness.

Instead, New Zealand should aim to draw inspiration from Ireland while tailoring its policies to fit its own unique cultural and economic landscape.

Creating an organisation like IDA Ireland could be a stepping stone, but more is needed. We must look beyond policy settings and address the underpinning cultural perspectives that have made us less welcoming to foreign investment and less focused on educational excellence for all. Ireland shows us that a society-wide commitment to business and education can result in remarkable results.

New Zealand faces a dual challenge: adopting forward-looking policies while nurturing a civic spirit that supports and sustains these policies.

While culture cannot be changed overnight, every small step can help shift the cultural landscape over time.





Ha'penny Bridge, Dublin, taken by Neeraj Lala

APPENDIX 1

MEMBERS OF THE DELEGATION TO IRELAND

NAME	POSITION
Simon Bennett	Chair, Accordant
Barbara Chapman CNZM	Chair, NZME / Chair, Genesis Energy
Tim Clarke	Partner / Head of Government Public Law & Policy, Russell McVeagh
Matthew Cockram	CEO, Cooper and Company
Alistair Davis ONZM	Council Member, Massey University
Michael Dunlop	Chair, Acumen Republic
Ross George	Managing Director, Direct Capital
Damien Grant	Principal, Waterstone / Columnist, The Sunday Star Times
Dr Oliver Hartwich	Executive Director, The New Zealand Initiative
Jimmy Higgins	CEO, Suncorp NZ
Murray Jack	Professional Director
Desleigh Jameson	CEO, Gubb & Hardy
Hanne Janes	Barrister and Professional Director
Trevor Janes	Professional Director
Malcolm Johns	CEO, Genesis Energy
Peter Kiely ONZM	Partner, Kiely Thomson Caisley
Chelsy Killick	Operations Director, The New Zealand Initiative
Neeraj Lala	CEO, Toyota NZ
Sir Chris Mace KNZM	Company Director
Doug McKay	Chair, Bank of New Zealand
Linda Meade	Managing Director, Kalimena
Simon O'Connor	Managing Partner, EY
Emma Parsons	Managing Director Strategy and Optimisation, Fonterra
Roger Partridge	Chair, The New Zealand Initiative
Neil Paviour-Smith	CEO, Forsyth Barr
Bruce Plested	Chair, Mainfreight
Chris Quin	CEO, Foodstuffs
Sam Ricketts	Managing Director, Jarden
Paul Ridley-Smith	Chair, Manawa Energy
Mark Rushworth	Group CEO, UP Education
Colm Saunders	CFO, Up Education
Craig Stobo	Chair, Precinct Properties
Mark Synnott	CEO, Colliers NZ
Mary-Liz Tuck	Chief Sustainability & Master Planning Officer, Auckland Airport
Fraser Whineray	COO, Fonterra

IRISH DELEGATION PROGRAMME

Sunday, 25 June 2023

Welcome to Dublin

Informal Welcome BBQ at NZ Embassy residence, hosted by Ambassador Trevor Mallard
Location - Ballsbridge, Dublin

Monday, 26 June 2023

Day in Dublin - Introduction to Ireland

Welcome and Overview of the Mission's Itinerary

Speakers: Oliver Hartwich - Executive Director, The New Zealand Initiative & Fraser Whineray - Chief Operating Officer, Fonterra Co-Operative Limited

The Irish Economy

Speakers: Dan O'Brien - Chief Economist, IIEA & Danny McCoy - CEO, IBEC

Doing business in Ireland

Speakers: Mary-Rose Burke - Chief Executive Officer, Dublin Chamber of Commerce
Declan Hughes, Secretary General, Department of Enterprise, Trade and Employment

Lunch

Speaker: Alex White, Director General, The Institute of International & European Affairs

Media Session

Speaker: Cliff Taylor, Managing Editor, Irish Times

Networking Evening: NZ Business Network, kindly hosted by EY

Speaker: Frank O'Keeffe, Managing Partner, EY Ireland

Tuesday, 27 June 2023

Day trip to Galway

Meetings with Technology Centre, Chamber of Commerce and businesses.

Dinner Speaker

Speaker: Michael Patten, Chief ESG and Corporate Affairs Officer of Glanbia

Wednesday, 28 June 2023

Dublin

Department of Education

Gain a deeper understanding of Ireland's DEIS programme to increase education equality through various targeted interventions and measurable outcomes.

Speakers:

John Fitzgerald, Inspectorate, Department of Education

Karen Menton, Social Inclusion, Department of Education

Ms Emer Carney, Global Citizenship Education Unit, Department of Foreign Affairs

Tour of Trinity College

Visit to the Department of Foreign Affairs

Speaker: Simon Coveney, Minister for Enterprise, Trade and Employment

Gwenda Jeffreys-Jones, Director, Asia Pacific Unit

Visit to Guinness Storehouse

Speaker: Catherine Toolan - Managing Director, Diageo Irish Brand Homes

Agenda:

- presentation of the Irish Brand Homes by Catherine Toolan
- VIP guided tour of the Guinness Storehouse

Thursday, 29 June 2023

Belfast

Visit to Parliament Buildings, Stormont

Agenda:

- Courtesy Call with the Speaker – Senate Chamber
- Roundtable Discussion with MLAs – Senate Chamber
- Tour of Parliament Buildings

Visit to Harland and Wolff

Harland & Wolff is a Northern Irish shipbuilding company based in Belfast, Northern Ireland. It specialises in ship repair, shipbuilding and offshore construction. Harland & Wolff is famous for having built the majority of the ocean liners for the White Star Line, including Olympic-class trio – RMS Olympic, RMS Titanic and HMHS Britannic.

Networking at SS Nomadic, kindly hosted by Invest NI

Speakers:

Steve Harper, Executive Director, International Business Group
Neil Bowles, Head of Business Development, Public Transport
Richard Gibson, Program Lead for Global Immigration, Ogletree Deakins
Linda Robb, Site Lead, Ogletree Deakins Global Solutions Belfast

Agenda:

- Invest NI welcome and short talk on NI as an international business location (trade and investment)
- Presentations from Artemis Technologies and Ogletree Deakins
- Invest NI close, including remarks from The New Zealand Initiative

Friday, 30 June 2023

Dublin

Visit to Intel Leixlip: Intel Shapes the Future of Technology

We are excited to include a visit to one of Intel's largest chip factories and the single biggest investment story in the history of Ireland.

Agenda:

- Intel Ireland overview 1989–2023
- Facility tour and light lunch
- Q&A – Intel's largest chip factories – and the single biggest investment story in the history of Ireland

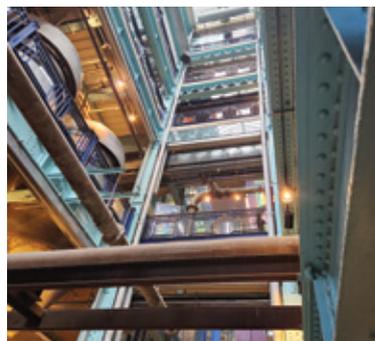
Visit to Teeling Distillery

Teeling Distillery, located in the heart of Dublin city centre, is the first new distillery in Dublin for over 125 years. Visitors can experience a fully operational distillery and enjoy one of their whiskey tastings. The Distillery was established in 2015 by the Teeling Whiskey Company and is the first whiskey distillery in Dublin to operate in almost 40 years.

Business story with *speaker*: Stephen Teeling, Co-Founder, Teeling Distillery

Images on opposite page, left to right, from top

1. Lunch at Galway
2. Guinness Storehouse
3. VIP tour of the Guinness Storehouse
4. Education speaker
5. Ms. Gwenda Jeffreys Jones, Minister Simon Coveney, H.E. Ambassador Trevor Mallard
6. Thermo King, Galway
7. Michael Patten, Chief ESG and Corporate Affairs Officer, Glanbia
8. Guinness
9. Speaker Stephen Teeling at the Teeling Distillery, Dublin



APPENDIX 3

MEDIA MENTIONS OF OUR DELEGATION

- Different matters with Dr Oliver Hartwich, *Different Matters* by Damien Grant, 30 August 2023.
- For richer or poorer: Kiwis really need to get out more, *The Australian*, 16 August 2023.
- Benchmarking New Zealand's Economic Performance against Ireland's, *The New Zealand Initiative*, 15 August 2023.
- The case for attracting foreign investment, *NZ Herald*, 10 August 2023.
- Craig Stobo on The New Zealand Initiative's business delegation in Ireland, *The Platform*, 7 July 2023.
- Podcast: Learning from the Emerald Isle, *The New Zealand Initiative*, 24 July 2023.
- Dr Oliver Hartwich and his observations in Ireland, *Reality Check Radio*, 24 July 2023.
- Irish luck or Kiwi good fortune?, *The New Zealand Initiative*, 13 July 2023.
- Foreign investment: Ireland's secret financial formula is not so secret, *NZ Herald*, 6 July 2023.





For richer or poorer: Kiwis really need to get out more

Dr Oliver Hartwich | The Australian | 16 August, 2023

In New Zealand's public policy circles these days, you cannot escape the buzz about Ireland.

Whether in the corridors of power, at business gatherings, or even casual coffee catch-ups, Ireland is the talk of the town.

That may seem strange. It is not St Patrick's Day, and the Rugby World Cup has not kicked off yet. But the reason is a recent business delegation visit to the Emerald Isle – a trip our organisation, The New Zealand Initiative, organised.

Three dozen senior New Zealand business leaders, all members of the Initiative, joined us for a week-long excursion to Ireland. But this was not a conventional trade mission filled with business card exchanges and handshakes. Instead, it was a study tour of a nation that has redefined success over the past thirty years.

Ireland is not the first country we have visited with our members, and there is a backstory to our trip.

It all began with a journey to Switzerland in 2017. At the time, we wanted to contrast the Swiss approach to devolution with

New Zealand's centralised system of government.

To our surprise, the interest among New Zealand business leaders was overwhelming. They came along to learn about local government on the other side of the planet! It certainly wasn't business as usual.

In the end, we learnt about much more than just Switzerland's councils and cantons. We travelled through a 57-kilometre-long high-speed railway tunnel 2,000 metres below the Alps, which was completed on time and within budget. We got to know the Swiss apprenticeship system at the factory of Stadler Rail AG. We heard from the CEO of Swiss Re about re-insuring earthquake risks.

This Swiss experience was planned as a one-off event. But we had not even left Zurich before members of our group asked where we would go next. There was an appetite for learning among our group, and we found it enlightening to compare how a different country found different answers to very similar questions.

And so, Denmark followed in 2019. There we discovered a great

entrepreneurial spirit behind the country's high tax rates and large state sector. And we were blown away by the quality of Denmark's infrastructure.

Again, we were left inspired – be it by the Øresund Bridge connecting Copenhagen to South Sweden, Lego's almost fully automated factory in Billund, the futuristic Amager Bakke waste-to-energy plant, or the Middelgrunden offshore wind farm, which, remarkably, is run as a cooperative.

So these trips were not sightseeing excursions but in-depth studies into the heart of these nations, seeking to understand what makes them tick, and finding applicable lessons for our country. And they were enormously inspirational.

Ireland was next on our list of countries to visit. Originally scheduled for 2021, Covid travel restrictions delayed our plans until late June this year.

This time, the one thing we wanted to understand was how Ireland got rich. In particular, how it got so much richer than us.

In the 1970s, Ireland generated roughly 80% of New Zealand's per capita GDP. By the early 1990s, Ireland had caught up. As of today, depending on which statistic you use, Ireland is about twice as rich as New Zealand.

Ireland's economic transformation is nothing short of astonishing. The question is, what propelled it?

There are two obvious answers: Ireland's membership of the European Union, and low corporate taxes. And there is truth in both answers. Yes, Ireland has benefited from having access to the large economic market after it joined the EEC in 1973 (and the EEC's various funds for infrastructure investment). And yes, Ireland's low taxes have proven a magnet for corporates.

But it would be too simplistic to attribute all of Ireland's economic development to these two factors. What we actually found on our visit was something rather different.

One of our speakers during the week, a senior executive of a large Irish agricultural company, put it best: "Ireland does not have business-friendly policies," he said, "Ireland has a business-friendly culture." If only we could say the same about New Zealand.

What we saw in Ireland was a country that embraces business. It is a country that had been poor for most of its existence but decided it did not want to be poor any longer.

And this is what motivated the Irish to create an environment in which businesses feel at home, welcome, and can thrive.

This is especially the case with regard to foreign direct investment (FDI). And it is in this area where the contrast with New Zealand was especially, and painfully, clear.

In a good year, New Zealand receives maybe 3 or 4 billion US dollars in investment from overseas. As a percentage of GDP, the stock of inward investment in New Zealand has barely moved for decades.

Now contrast that with Ireland. Ireland is these days home to over 1,000 multinational companies. They contribute significantly to the Irish economy. Collectively, they are responsible for 20% of private-sector employment and export approximately 90% of the country's total goods and services.

We saw first-hand what FDI looks like. Intel's plant on the outskirts of Dublin was otherworldly. Since 1989, Intel has invested more

than €30 billion in this facility. The result is a mega factory of a kind that simply does not exist in New Zealand – not even close.

Perhaps even more astonishingly, FDI is wildly popular in Ireland. As Ireland's business minister Simon Coveney told our group, he cannot visit even the smallest village in Ireland without being asked by the locals what he could do to bring foreign investors to their region. Imagine that in New Zealand – or even in Australia!

Especially after these years of Covid-induced travel restrictions, it is important for us in this part of the world to get out and travel. Not just for pleasure, and not just to do business. We must learn how other countries have become more prosperous than us. Then, we must implement those lessons here.

And that is the talk of the town here in New Zealand following our trips to Switzerland, Denmark and now Ireland.



Foreign investment: Ireland's secret financial formula is not so secret

Roger Partridge | NZ Herald | 6 July, 2023

Seeking Ireland's secrets

Few countries feel so similar as New Zealand and the Republic of Ireland.

We are both island nations with much larger neighbours. Each of us has a population of about 5 million. We were both colonised by Britain. Consequently, English is our shared language, with only a per cent or two speaking the country's first language natively. We lead the world in pasture farming.

And this year, we seem destined to meet in the knockout stage of the rugby world cup in France.

But, until the early 1990s, Ireland and New Zealand shared another less attractive characteristic. Both countries languished in the bottom half of the OECD's GDP-per-capita league table.

Then something remarkable happened. The Emerald Isle leapt forward, leaving the land of the long white cloud in its wake. Ireland now sits just below the US, at sixth in GDP-per-capita, while New Zealand languishes at 20th, just ahead of South Korea.

To find out firsthand the secrets to Irish success, last week, three dozen Kiwi business leaders joined the New Zealand Initiative's delegation to Ireland. We spent the week meeting and interrogating Irish politicians, business leaders, government officials, and representatives from NGOs and the media.

What was most remarkable about our visit was the consistency of what we were told and the enthusiasm with which it was embraced. No matter who we spoke to, two things stood out.

FDI allure

First, Ireland's strategy of relentlessly pursuing foreign direct investment and the expertise of overseas firms to turbo-charge its economy is not just universally – and enthusiastically – embraced. It has become part of the nation's own narrative.

Offshore investors cite Ireland's business-friendly environment, education system, quality of life and company tax regime as the top drivers of Ireland's attractiveness to foreign investors.

But there is nothing passive about Ireland's approach to attracting FDI. Whereas New Zealand's Overseas Investment Act treats investment by foreigners as a privilege to be earned, the Irish treat FDI as a prize to be won.

Instead of an Overseas Investment Office *policing* foreign investment, Ireland's Investment Development Agency actively *encourages* it. The IDA has offices in 20 overseas countries and employs 250 staff providing an end-to-end concierge service for foreign investors from around the world.

Ireland has become home to all top ten global pharmaceutical companies, nine of the top ten global software companies, and 15 of the top 20 global medical technology companies. And over 250 global financial institutions have operations in Ireland. This is a significant achievement for a small island nation.

Ireland has effectively created clusters of FDI in sectors such as technology, pharmaceuticals, medical devices, and financial services. Dublin, in particular, has become a leading tech hub,

hosting offices of giants like Google, Facebook, and LinkedIn. Meanwhile, Cork and Galway have become significant for pharmaceuticals and medical devices.

With this surge in FDI have come high-quality, highly productive jobs. The process has also stimulated growth in peripheral sectors such as construction, retail, and hospitality. The outcome has been a decrease in unemployment rates, an increase in average wages, and tax surpluses large enough to make even the most taciturn Minister of Finance smile.

Of course, Ireland benefits from being an English-speaking entry point to the European Single Market for foreign investors. But, until Brexit, so too was Britain. Consequently, Ireland's success cannot be fobbed off as a consequence of geopolitical luck. The Irish FDI strategy has been deliberately pursued – and it has paid off.

Just what this FDI influx means for the Irish economy requires a bit of unpicking. Because Ireland's low corporate tax rate – currently just 12.5% – has attracted so many head offices, not all of the revenues booked by multinationals in Ireland are the product of the Irish economy. Consequently, raw GDP-per-capita

numbers paint a somewhat exaggerated picture. Instead, Ireland's Gross National Income or GNI is a more accurate measure for comparing the Irish economy with the economies of other nations.

On this measure, Irish per capita incomes are 68% higher than those of us poor Kiwis. In more or less a single generation, this is some leap forward.

Educational excellence

The second matter that stood out was a persistent narrative about pursuing educational excellence. This was a welcome relief from our Ministry of Education's constant calls to "decolonise" our curriculum and attempts to dumb it down.

In Ireland, the focus is steely-eyed on STEM subjects. And the goal of educational excellence is explicitly – and repeatedly – connected with Ireland's FDI success story.

The Irish Ministry of Education was understandably proud that Ireland consistently ranks highly in international comparisons for the quality of its education system. This has resulted in a well-educated workforce, particularly in areas like technology, pharmaceuticals, and finance that align with the sectors Ireland targets for FDI.

This educated, skilled workforce means foreign companies can set up in Ireland knowing they will have access to a talent pool that can drive innovation and productivity in their businesses.

The presence of these foreign companies further strengthens Ireland's education system. The high-quality jobs they bring to Ireland incentivise more students to pursue higher education, knowing that there will be good job opportunities waiting for them at the end.

The resulting economic growth from FDI can then be reinvested into the education system, enabling further improvements and advancements, and making Ireland even more attractive to foreign investors.

In this way, Ireland's education system and its success in attracting FDI feed into each other, creating a "virtuous cycle" of improvement and investment that benefits both the Irish economy and its people.

Irish takeaways

From a Kiwi perspective, Ireland's success in attracting FDI is as remarkable as the consensus in favour of it. Given New Zealand's hostile attitude towards foreigners wanting to invest here, it is little

wonder our stock of FDI is a small fraction of Ireland's.

The abiding takeaway is that New Zealand needs a new narrative about FDI – and a new, more permissive foreign investment regime. Too often we imagine FDI takes something from us, rather than focussing on the benefits foreign capital can bring.

While we may not sit on Europe's doorstep, nor have a rock-bottom corporate tax rate, we have many of Ireland's attractions. An English-speaking workforce – and a (mostly) well-educated one. A comparatively business-friendly environment. And a quality of life that is the envy of the world.

The New Zealand Initiative has long recommended abolishing the Overseas Investment Act and replacing it with a regime simply protecting New Zealand's national security interests. Doing so would bring us into line with Ireland – and most of the rest of the developed world. And it would give us a chance to benefit from one of the secrets to Ireland's success.

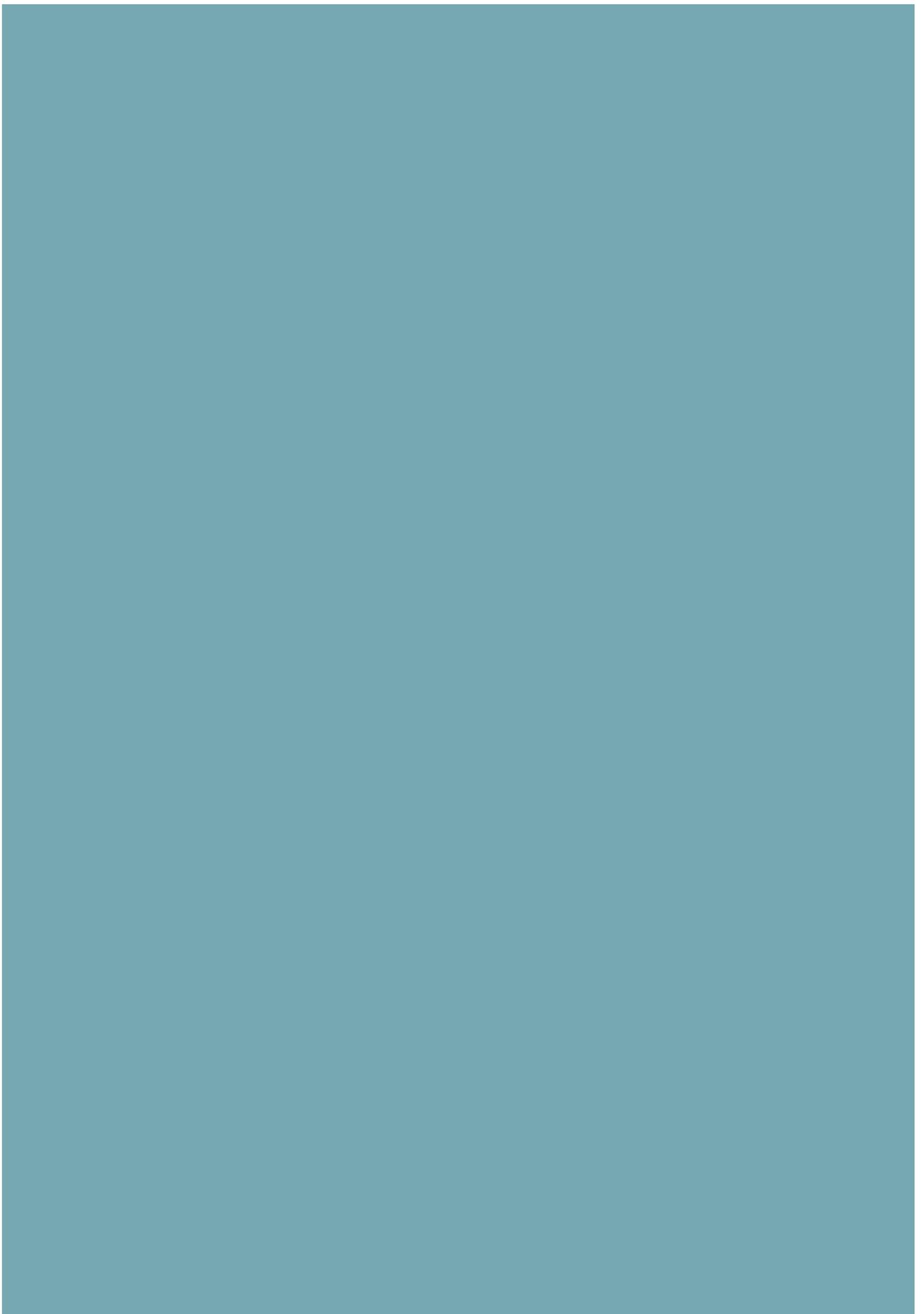
At the same time, we must revive our ailing education system. Ireland's relentless pursuit of academic excellence stands in stark contrast with a New Zealand education system that seems apologetic about striving for any level of attainment, let alone an excellent one.

The New Zealand Initiative's *Save Our Schools* report, launched earlier this year in partnership with the New Zealand Herald, draws on a decades-worth of research to outline the solutions for New Zealand's current education crisis.

Ireland's secrets are not rocket science. But if we adopt them, they will put a rocket under the New Zealand economy, and under Kiwi prosperity.



Christ Church Cathedral, Dublin



"As with the other delegations, we observed a government that was citizen-centric, transparent, very focused on quality education and encouraged international connectivity rather than embracing isolation. The United Kingdom must observe, somewhat jealously, what has been achieved by the Republic of Ireland in the last four decades. And I do too."

Fraser Whineray

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