



EXCELLENCE

INNOVATION

CREATIVITY



## ANNUAL REPORT 2008





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## CHAIRPERSON'S FOREWORD

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The Western Region has made considerable progress in recent years. However in introducing the annual report of the Western Development Commission (WDC) for 2008, I am conscious that the year was a very challenging one.

International experience shows that regions can be engines of development for national economies. The Western Region is endowed with many natural resources which, if fully developed, can play an important part in national economic recovery. The Government Framework for Sustainable Economic Renewal *Building Ireland's Smart Economy*, puts a strong focus on ideas, innovation and the opportunities of the green economy. These are areas in which the region has considerable potential. The Western Region offers an excellent quality of life, is attractive to creative and innovative people, has a highly educated workforce and some of the best renewable energy generation capacity in Europe.

Continued government commitment to balanced regional development will be fundamental to ensuring that the region can fulfil this potential and contribute to national growth. The WDC, as the agency responsible for fostering and promoting the region's social and economic development, will have a critical role to play.

The WDC is focusing its organisational efforts, in the strategic planning period 2007-2009, on those key areas where, we believe; our strengths and expertise can bring benefit to the Western Region and to the country generally. This annual report details our achievements during the second year of the Strategic Plan and I am satisfied that the WDC made a significant contribution to creating a positive future for the people of the Western Region during 2008.

Five goals underpin the WDC's Strategic Plan:

- Contribute to balanced regional development by working to ensure that the Western Region maximises its full potential for economic and social development.
- Promote the benefits of living, working and doing business in the Western Region.
- Support the sustainable economic and social development of the rural economy.
- Provide risk capital to SMEs and social enterprises.
- Operate the WDC as a competent and effective organisation.

The WDC members continued their commitment to achieving the highest standards of corporate governance, commensurate with the organisation's responsibilities as a statutory body throughout 2008. In doing so, the WDC applied the principles of good governance as set out in the Code of Practice for the Governance of State Bodies. The WDC members and management are committed to ensuring that all of their activities are governed by the considerations implicit in the Code.

I would like to thank all those who worked with, and supported, the WDC during 2008, in particular An tUasail Éamon Ó Cuív, T.D., Minister for Community, Rural and Gaeltacht Affairs, my fellow Commission members and all those who participated in the various advisory panels, workshops and seminars that enabled the WDC to carry out its remit in partnership with the public, private and community sectors.

I would also like to compliment Chief Executive, Gillian Buckley and the staff for their dedication and achievements in 2008.



**Michael Farrell**  
*Chairperson*

# CHIEF EXECUTIVE'S REPORT

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The economic and social context within which the WDC operates changed radically over the course of 2008 and presented the WDC with new challenges to be addressed.

The WDC has always sought to highlight the many strengths and natural resources of the Western Region,<sup>1</sup> its quality of life, unique culture and heritage, clean environment and the talent and creativity of its people, while working with government and others to address the region's deficits so that it can contribute fully to the national economy.

The WDC provided a forum to discuss the challenges involved in delivering on the national objective of balanced regional development at a high level conference, in May 2008. It was clear from the discussions that evidence-based policymaking depends on sound research and analysis, and our publication of a comprehensive set of demographic and socio-economic statistics for the Western Region utilising data from Census 2006 will help contribute to this.

Analysis of census data also allowed the WDC to identify the labour catchments and commuting patterns of towns in the region, providing useful information for prospective employers, development agencies, local authorities and transport providers.

The changed economic situation towards the end of 2008 led the WDC to examine the impact of the slowdown on employment and unemployment in the Western Region. The structure of employment in the region, with higher dependence on the primary sector, construction and manufacturing jobs, creates particular vulnerability in a recession. This will be a major challenge for the WDC and national policymakers in the coming years.

In 2008, the WDC continued to highlight the importance of investment to improve the region's access infrastructure, road, rail, international air and broadband telecommunications. Even though there are constraints on public finances, investment in the Western Region's infrastructure will reap significant dividends and help deliver on the Government's policy of balanced regional development.

Quality energy infrastructure is an absolute requirement for any region to compete globally. It is especially critical for the Western Region so that its renewable energy potential can be fully exploited. The WDC believes that the expansion of the natural gas pipeline to the North West would contribute to the region's development, as well as supporting renewable generation. Accordingly, we prepared a detailed comment on the Feasibility Study of Gas to the North West commissioned by the Department of Energy (DCENR) and undertook additional work to support the case for this investment.

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<sup>1</sup> Counties Donegal, Leitrim, Sligo, Roscommon, Mayo, Galway and Clare.

Promoting the benefits of living, working and doing business in the Western Region is a fundamental part of the WDC's Strategic Plan. A key mechanism to deliver this message is the [LookWest.ie](http://LookWest.ie) campaign. In 2008, in partnership with the region's local authorities, the WDC showcased seven very successful indigenous enterprises operating from the Western Region. These enterprises embody the [LookWest.ie](http://LookWest.ie) message operating successfully from the West of Ireland with access to a talented labour pool, lower costs and a high quality of life. The campaign is supported by the [LookWest.ie](http://LookWest.ie) website which was upgraded in 2008.

As 68% of the region's population live in rural areas, rural development is at the core of WDC activities. The WDC works in partnership with others to progress innovative projects that can provide jobs and income to rural areas. In 2008 the WDC focused on two sectors with significant potential for rural areas; renewable energy and the creative sector. Both of these have since been identified as critical to Ireland's future in the Government's Framework for Sustainable Economic Renewal *Building Ireland's Smart Economy*.

The WDC Wood Energy Strategy and Action Plan, if implemented, would create 900 FTE jobs by 2020 and deliver savings of 619,000t of CO<sub>2</sub> emissions. Three projects under the Action Plan were delivered during 2008.

The WDC also undertook baseline research on the creative sector in the Western Region to determine the current situation and the challenges for future growth. The research showed that 11,000 people work directly in the sector in the region (3% of total employment). On the basis of international experience, the Western Region has the potential to create at least an extra 2,000 jobs in this sector. The creative sector also generates spillover effects which drive innovation across the wider economy, and a strong creative sector increases the attractiveness of the region for highly skilled workers and tourists.

The development of high-value indigenous enterprises providing quality jobs is widely acknowledged as the key to Ireland's economic recovery. The availability of capital for start-up research-intensive enterprises is a specific objective of the framework for economic renewal. The WDC Investment Fund provides such funding in the Western Region and is a critical source of seed and venture capital as it is one of only two funds based in the region. In 2008 the WDC applied for an extension to its State Aid approval to operate the Investment Fund to 2013. Approval was granted by the European Commission in January 2009.

In 2008 the WDC Investment Fund invested €5.7m in 14 enterprises from a diverse range of sectors; life science; information and communications technology (ICT) high-tech manufacturing; food; and aquaculture. The WDC's investment strategy focuses on innovation and ideas, cleantech enterprises and those that utilise the natural resources of our region.

The WDC considers its Investment Fund to be an excellent model in value for money for the exchequer. Not only is it supporting enterprise development, job creation and improving the quality of life for local communities, it will do so on a cost neutral basis. Already, €4m has come back into the Fund through loan repayments and successful exits from investments made and this has been reinvested back into the Region.

The current global economic and financial crisis presents a very difficult operating and funding environment for all businesses. This is also true of the WDC Investment Fund's portfolio companies. The WDC invests at the start-up and early stage of the business lifecycle, where naturally the greatest failure rates occur. It is the reality of any seed and early stage portfolio that failures appear earlier than successes and the performance of such a portfolio can only be judged in the long-term.

Operating the WDC as a competent and effective organisation is a key goal in our Strategic Plan 2007-2009. We endeavour to comply with all legislative requirements, public sector modernisation and best practice in the areas of corporate governance, financial management, human resources and customer care.

I would like to thank the Chairperson, Michael Farrell, and the Commission members for their commitment, the staff for their passion and dedication to western development, and An tUasail Éamon Ó Cuív, T.D., Minister for Community, Rural and Gaeltacht Affairs and his officials for their ongoing support for the work of the WDC.

The WDC remains deeply committed to working in partnership with other public, private and community sector bodies, to progress the social and economic development of the Western Region. I would like to extend my most sincere thanks to all those organisations and individuals who have worked with us in 2008.

*Gillian Buckley*



**Gillian Buckley**  
Chief Executive



# INTRODUCTION



# INTRODUCTION

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Members of the WDC Commission and CEO

## WDC Vision

To develop a confident and ambitious Western Region where excellence, innovation and creativity are rewarded, and the rich quality of life, clean environment and unique heritage are valued and safeguarded.

## Our Mission

To be the signature agency for the Western Region helping to build on the region's strengths, address weaknesses and create a reputation for excellence.

## Functions of the WDC

The WDC's core function is to promote the economic and social development of the Western Region. It focuses, in particular, on the region's productive sectors, infrastructure and rural communities. The WDC works to ensure that the interests of the Western Region are always considered at the highest levels of government.

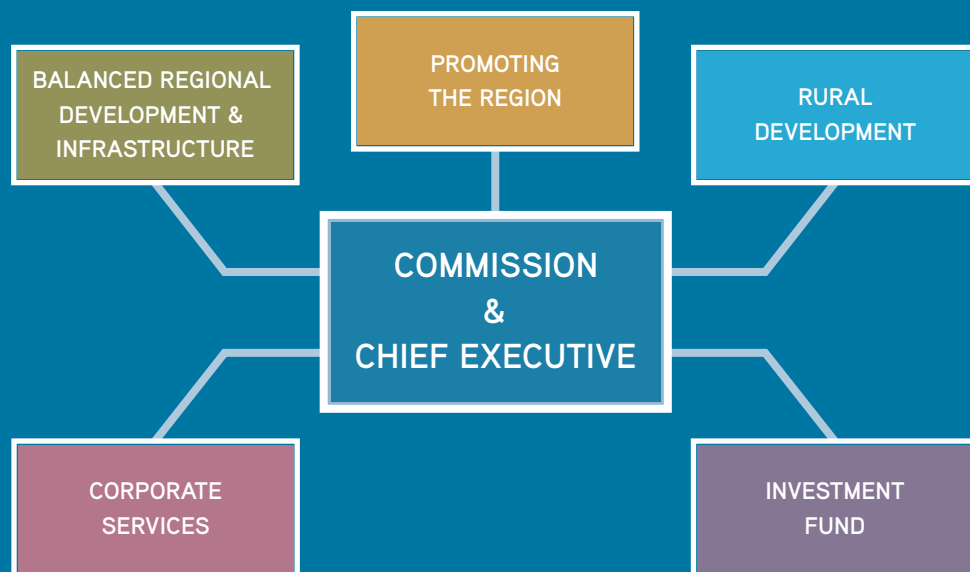
The organisation is responsible for the management and administration of the WDC Investment Fund. This dedicated fund addresses a funding gap experienced by small and medium-sized enterprises (SMEs) and social enterprises in the region through the provision of risk capital, equity and loans on a commercial basis.

## Structure of the WDC

The WDC is made up of twelve members appointed by the Minister for Community, Rural and Gaeltacht Affairs, Mr Éamon Ó Cuív, TD (see *Appendix 1* for current membership).

The Commission is supported by a small executive team, located in Dillon House, Ballaghaderreen, County Roscommon. It has a core permanent staff of 15, with expertise in policy analysis, regional and rural development, investment and administration.

The organisation also enlists the support of special advisory panels, with representatives from the public, private and voluntary sectors, to assist with various projects (see *Appendices 2 and 3*).



## Organisational Structure

### The WDC's Strategic Aims 2007-2009

- Contribute to balanced regional development by ensuring that the Western Region maximises its full potential for economic and social development.
- Promote the benefits of living, working and doing business in the Western Region.
- Support the sustainable economic and social development of the rural economy.
- Provide risk capital to SMEs and social enterprises.
- Operate the WDC as a competent and effective organisation.



# SECTION I



## BALANCED REGIONAL DEVELOPMENT

# BALANCED REGIONAL DEVELOPMENT

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Contribute to balanced regional development by ensuring that the Western Region maximises its full potential for economic and social development.

## Policy Analysis and Research Initiatives

During 2008, the WDC undertook five important initiatives to achieve this strategic aim. These were designed to highlight the region's potential and analyse the impact of various economic and social trends.

## WDC Policy Conference 2008



Attending Conference '*Delivering Balanced Regional Development : A Challenge for Policy*' were Michael Farrell, Chairperson WDC, Mr. Eamon Ó Cuív, T.D., Minister for Community Rural and Gaeltacht Affairs, Dr. Patricia O'Hara, WDC, and Gillian Buckley, CEO, WDC

A policy conference *Delivering Balanced Regional Development: A Challenge for Policy* was held on 23 May 2008. Keynote papers were delivered by leading policy-makers, academics and the WDC policy team.

The conference was very well attended by a high-level, invited audience that included secretary generals and assistant secretaries of government departments, CEOs from the public and private sector, county managers, leading academics and regional leaders. The conference proceedings are available at: [www.wdc.ie](http://www.wdc.ie)



## The Western Region: Key Statistics

*The Western Region: Key Statistics*, a brief social and economic profile of the Western Region, was published by the WDC in February 2008. The publication of the Census of Population 2006 provided an opportunity for the WDC to compile this comprehensive set of up-to-date demographic and socio-economic statistics for the Western Region.

The profile includes data and trends on population, employment, education, income, enterprise, economic sectors and infrastructure in the Western Region. Where relevant, census data are supplemented with information from other sources to ensure a more complete picture.

This publication has been much in demand and was in its second printing by the year's end. It can be downloaded from: [www.wdc.ie](http://www.wdc.ie)

## Travel to Work and Regional Labour Markets

The WDC commissioned research to provide extensive analysis of the labour catchments of towns in the Western Region and the commuting patterns of those at work.

The National Institute for Spatial and Regional Analysis (NIRSA) at NUI Maynooth was commissioned to analyse data on these topics compiled by the Central Statistics Office (CSO) from Census 2006. This Census marked the first time data became available that linked workplace and residence of the working population.

To make the resulting analysis accessible to a wide audience, the WDC will publish specific outputs based on this research in 2009. These

will include a report identifying the labour catchment of the seven principal towns in the Western Region and an analysis of the socio-economic characteristics of all those at work and living in each catchment area. This will provide useful information for prospective employers, the development agencies, local authorities and transport providers.

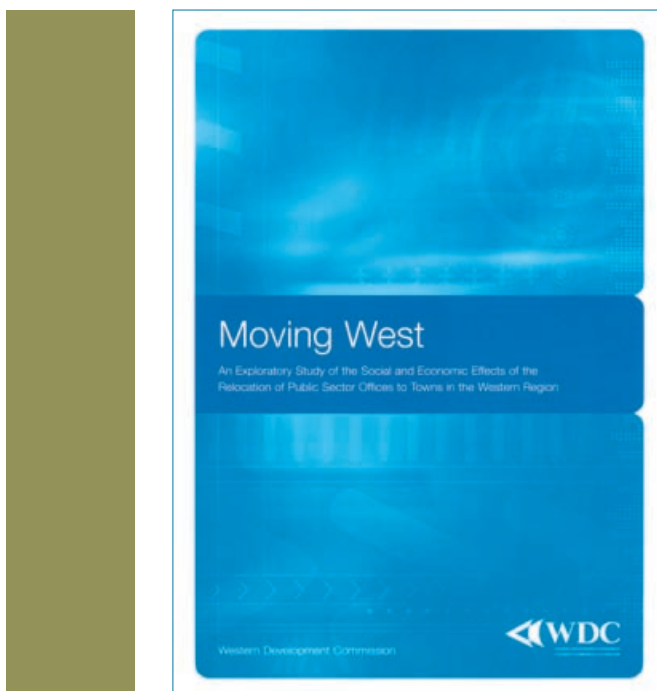
As part of the WDC's engagement with the review of the National Spatial Strategy (NSS), a summary of the analysis of travel-to-work patterns in Gateways, Hubs and other towns located in the Western Region will be submitted to the Department of the Environment, Heritage and Local Government.

## Relocation Study

Despite a considerable history of relocation of public sector jobs in Ireland – much of it to towns in the Western Region – little is known about its effects, either on those who move, or on the local economy and society. The WDC therefore initiated an exploratory study on the subject in 2008.

Following discussions with the Departments concerned, the relocation of the Department of Community, Rural and Gaeltacht Affairs (DCRAGA) and part of the Department of Social and Family Affairs (DSFA) to the Western Region were identified as the most suitable case studies.

The ensuing report *Moving West: An Exploratory Study of the Social and Economic Effects of the Relocation of Public Sector Offices to Towns in the Western Region* clearly demonstrates the substantial social and economic impact of the relocation of the posts to date, in terms of direct, indirect and induced employment and Gross Value Added (GVA). It also projects the full impact when all the posts planned for these offices are relocated. These quantitative effects are complemented by an analysis of why people chose to relocate, their experiences of relocation and the wider impact on each of the towns.



Quality of life was found to be the strongest motivator for those who moved, and this reinforces the evidence from the WDC's [LookWest.ie](http://www.wdc.ie) campaign, and from attitude surveys, that people working elsewhere value the chance to move, or return to, the Western Region. The primary underlying reasons are the opportunity for a less stressful life with an easier commute to work, being able to live in rural surroundings, and to be closer to family and community. The report can be downloaded from: [www.wdc.ie](http://www.wdc.ie)



## Employment and Unemployment

Towards year-end, the WDC examined the impact of the economic slowdown on employment and unemployment in the Western Region.

The first outcome of this exercise was a briefing paper illustrating the structure of employment in the Western Region and employment trends for the period 2000 to 2008. This paper underlines the particular challenges faced by the region in the current recession and is available on: [www.wdc.ie](http://www.wdc.ie) Some of the key trends were:

- Significant growth in the numbers employed in the Western Region during 2000-2008, with a substantial shift in employment away from agriculture and industry and towards services, both private and public sector.

- The sectors employing the largest shares of workers in the region in 2008 were retail and wholesale trade, manufacturing, and construction; there was also a high dependence on public sector employment, particularly for women.
- The number of people on the live register increased by more than two-thirds in the year Dec 2007-2008, reflecting in particular the fall in the numbers employed in construction.

The structure of employment in the Western Region increases its vulnerability in a recession. Greater shares employed in sectors that tend to be low skill and low value-added and smaller shares employed in the higher skilled and high value-added sectors, combine to pose a major challenge for the Western Region, and the WDC, in the coming years.



## Infrastructure

### Transport Infrastructure

In September the WDC was invited to address the Joint Oireachtas Committee (JOC) on Transport. In its submission *The Role of Transport Infrastructure in the Development of the Western Region*, the WDC stressed the

importance of continuing investment in road, rail and international air transport infrastructure. It emphasised that the availability of quality access routes is critical to attracting and maintaining investment in the region.



At the Joint Oireachtas Committee on Infrastructure: Dr. Patricia O'Hara, Policy Analyst WDC, Gillian Buckley CEO WDC, Mr. Pat the Cope Gallagher TD, Chairman of the Joint Oireachtas Committee on Arts, Sport, Tourism, Community, Rural & Gaeltacht Affairs, Mr. John O'Mahoney TD and Ian Brannigan, Regional Development Manager, WDC.

## Roads

The WDC continued to highlight the importance of road infrastructure for the region's economic development and to monitor progress on national road investment during 2008.

While no major national road projects were completed within the region during 2008, the WDC notes that significant progress was made on the M6 motorway linking Dublin with Galway. The Kilbeggan-Athlone section of this motorway, which lies just outside the region, was completed. Construction work continues on the remaining sections, and the new route is on schedule to be completed by 2010, as planned.

The postponement, in October, of the N18 Gort-Oranmore project, a key component of the Atlantic Road Corridor (ARC), was a cause for concern. Due to commence in 2008, along with the N18 Crusheen-Gort project, this section is now postponed for at least a year. The WDC also expressed concern about the timelines for upgrading the N5/N26 national primary road serving Roscommon and Mayo, the N16 linking the Gateway towns of Sligo and Dundalk, and sections of the ARC north of Galway City.



Ballyshannon Bypass, Co. Donegal

## Rail

The WDC monitored developments in rail infrastructure in the Western Region in 2008 and used its presentation to the JOC on Transport to highlight the benefits and potential of this mode of transport. The WDC welcomed improvements in services and rolling stock on national routes to the Western Region, it also stressed the need

for quality services on the Western Rail Corridor (WRC) as each phase comes into operation, beginning in 2009. The WDC also pointed out the untapped potential of the rail network to support freight traffic and reduce congestion on the road network.



## International Air Access

In its presentation to the JOC on Transport, the WDC also emphasised the importance of air transport to the Western Region, particularly international air access. Ireland West Airport Knock to the north of the region, and Shannon Airport to the south, are both crucial to sustaining and growing businesses and tourism in the region.

The WDC welcomed the announcement of the reintroduction of direct air services by Aer Lingus between Ireland West Airport Knock and London Gatwick, and Shannon Airport and London Heathrow. These services are due to commence in early 2009 and are very important in improving direct air access for business and consumers in a more difficult economic climate.





## Energy Infrastructure

Quality energy infrastructure is essential to the economic growth and development of the Western Region. It is particularly important for the development of renewable energy, where the

region has significant potential. In 2008, the WDC examined infrastructural, policy and regulatory issues as they affect energy infrastructure.

## Natural Gas

While the natural gas network has expanded significantly throughout Ireland in recent years, the North West remains without access to this infrastructure. The WDC believes that natural gas infrastructure would contribute to the development of the region and has a role to play in the support of renewable generation.

The WDC prepared a detailed comment on the Feasibility Study commissioned by the Department of Energy (DCENR) on bringing gas to the North West. This study had examined the feasibility, costs and benefits of extending a natural gas pipeline from the Mayo-Galway Pipeline to Sligo (via three different routes) and on to Donegal town. The WDC's observations were forwarded to the Department, and the WDC continued to make the case for this investment throughout 2008.

Following on from this work, the WDC commissioned some additional technical analyses. These included an examination of the impact on the development of renewable energy, of having a flexible gas-fired generation facility sited close to wind generation, and a calculation of the estimated cost savings that could be made by switching to natural gas for all of the users along the proposed route.

Three case studies of companies, which compared their energy costs with, and without, natural gas, were also prepared. These examples illustrate the negative competitive effects on companies that cannot have access to natural gas.

The WDC's work will continue in this area in 2009 when it will engage with relevant stakeholders on the results of this work.



## Electricity

In 2008 the WDC highlighted electricity infrastructural and regulatory issues as they affect the Western Region for a number of strategic reasons.

High quality, reliable electricity infrastructure is essential to retain and attract enterprises to the Western Region. However, it is also indispensable if the region's massive renewable energy potential is to be realised in the future. The region is expected to have more than 40% of

Ireland's renewable generation capacity by 2025 but this ultimately depends on having a good electricity system for transmission to end users.

In autumn 2008, the WDC welcomed the launch of EirGrid's *Grid 25*, a strategy for the development of the electricity grid to 2025. The strategy involves an investment of more than €1bn in the Western Region to tackle inadequacies in the grid and facilitate the transmission of renewable energy from both wind and ocean sources.



## Telecommunications

Throughout 2008 the WDC drew attention to the 'spatial digital divide' within Ireland and put forward an innovative solution to bridge this divide over the coming years.

In an era when high quality, affordable broadband is crucial to economic and social development, the WDC is concerned that progress in providing services to rural areas of the Western Region was limited in 2008.

The WDC acknowledges that significant advances have been made in rolling out broadband services nationally and in larger regional centres, using fixed, wireless and mobile technologies. However even when broadband is available in rural parts, services can be patchy, unstable, and with limited capacity.

The WDC believes that the move from analogue to digital television in 2012 presents an unprecedented opportunity to bridge this 'spatial digital divide'. This switchover will, potentially, make 25-30% of the spectrum in the UHF broadcast band available for use. The Commission recommended that the provision of quality broadband access to rural areas should be designated as one of the key uses of this spectrum space.

The WDC highlighted these issues in a submission to the DCENR Consultation on Spectrum Policy. The submission can be downloaded from: [www.wdc.ie](http://www.wdc.ie)

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## SECTION 2



PROMOTING THE REGION

# PROMOTING THE REGION

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Promote the benefits of living, working and doing business in the WesternRegion.

## The LookWest.ie campaign

2008 was the busiest year yet for the LookWest.ie campaign. LookWest.ie provides information on, and highlights the benefits of, moving to the Western Region for both employers and employees. The benefits include the availability of a highly skilled workforce and a very attractive business environment, as well as a better quality of life, less traffic and lower cost of living.

There was a significant increase in the number of people visiting the website for information to help them make their decision and plan their move to the Western Region. Almost 150,000 people visited LookWest.ie in 2008, which represented

a 15% increase over 2007 figures and means that 423,127 people have visited the website since its launch in November 2004.

The WDC partnership with the region's local authorities in communicating the benefits and advantages of the region was the key to the success of the 2008 LookWest.ie campaign. This joint effort concentrated not just on individuals seeking to move to the region for employment opportunities, but, even more importantly, on business owners exploring the region as a prospective location for enterprise and business.



Gillian Buckley CEO Western Development Commission and Mr Éamon Ó Cuív T.D., Minister for Community Rural and Gaeltacht Affairs.

Key achievements in 2008 included:

- The new look [LookWest.ie](#) website was launched in conjunction with the summer [LookWest.ie](#) advertising campaign at the end of May. The site was redesigned and redeveloped to ensure complete user-friendliness and optimum visitor experience.
- The [LookWest.ie](#) website was shortlisted in two award categories at the prestigious Golden Spider Awards – the *Best Community & Charity Website* and the *Best eGovernment Website* categories.
- [LookWest.ie](#) launched its Regional Company Directory – a comprehensive listing of over 11,000 companies in the region, which allows job seekers and businesses to search companies by sector and/or by county.
- In excess of 500 people attended the [LookWest.ie](#) Jobs and Enterprise Expo in Dublin in September and met with 40 companies and organisations from the region who exhibited on the day.



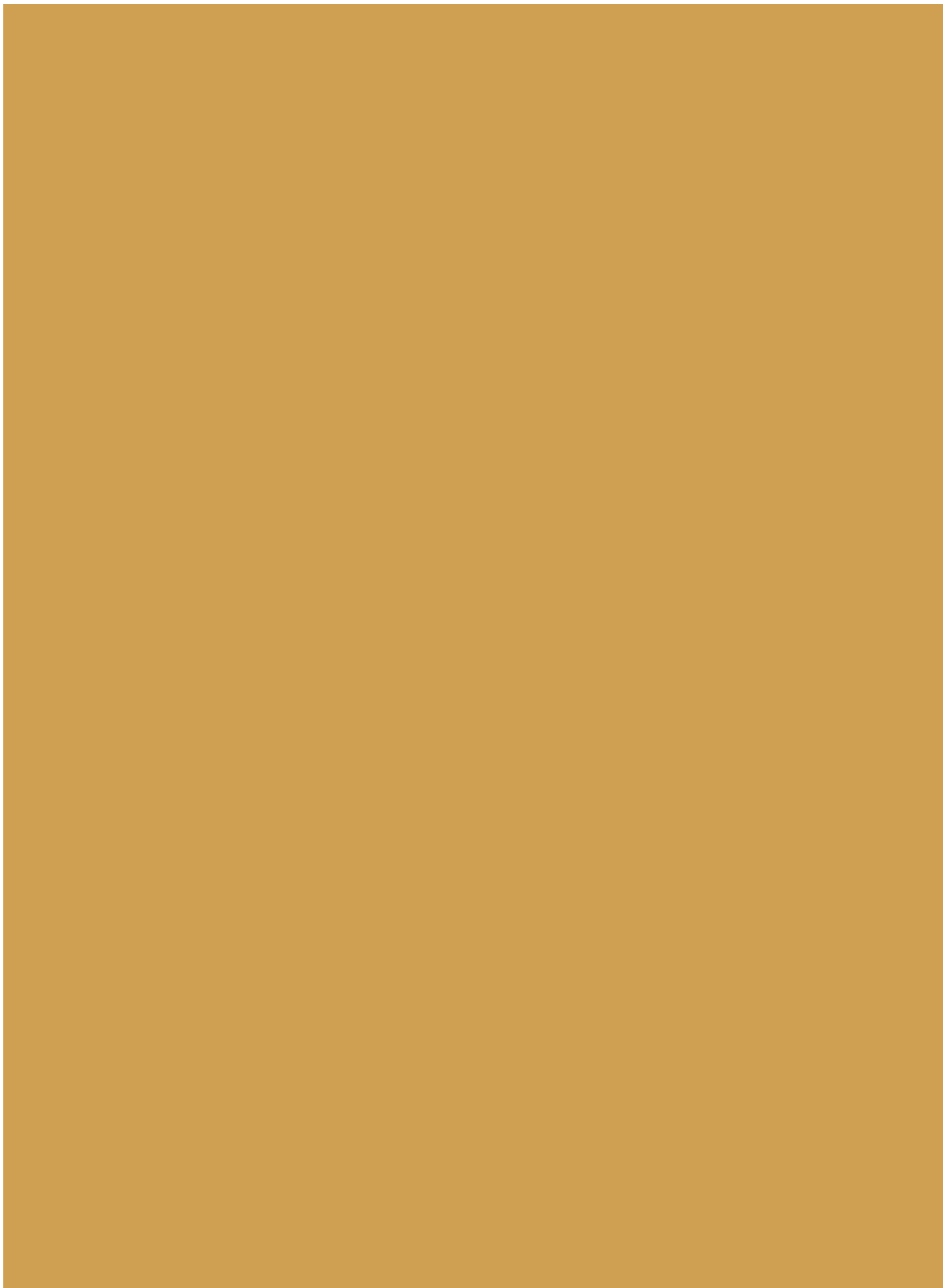
Attending the [LookWest.ie](#) Expo:

Front row left to right: Shirley Kiernan Marketing Manager, Collins McNicholas, Louise Mulligan, Recruitment Consultant, Collins McNicholas, Joanne Grehan, Regional Development Executive WDC, Angela Haran, Collins McNicholas, Ian Brannigan Regional Development Manager WDC.

Back row: Colman Collins, Managing Director, Collins McNicholas, Paul Keyes, Head of Corporate Services WDC and Niall Murray, Manager, Collins McNicholas Sligo.

During the year, the campaign also highlighted seven indigenous Irish companies in the Western Region, from SMEs to multinationals, whose example showed that new and expanding companies can start and thrive in the Western Region. These companies were drawn from sectors such as medical devices, pharmaceuticals, design-led manufacturing and technology.

[LookWest.ie](#) will continue to work closely with the local authorities, enterprise development agencies and local communities in 2009 to encourage more enterprises to locate in the Western Region.



## SECTION 3



## RURAL DEVELOPMENT

# RURAL DEVELOPMENT

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Support the sustainable economic and social development of the rural economy.

## Wood Energy Development Project

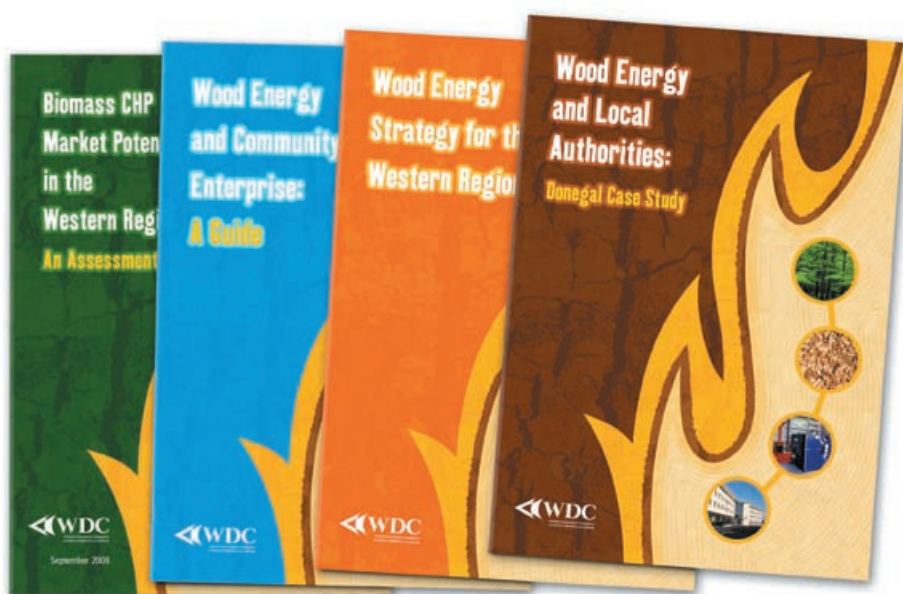
The WDC worked to ensure that the region harnesses its abundant natural resources for renewable energy purposes, thereby creating wealth and employment in rural areas.

Having led the development of the *Wood Energy Strategy for the Western Region in 2007*, the WDC, supported by its Advisory Group (see *Appendix 3* for members), delivered three actions in 2008 recommended under the Strategy. These were:

- An analysis of the community enterprise opportunities presented by the wood fuel supply chain (from fuel producer to end user), including an assessment of the options for community cooperatives in the Gaeltacht area. The WDC, in collaboration with Údarás na Gaeltachta, published the project report *Wood Energy and Community Enterprise: A Guide*, which details the various community enterprise models that are possible arising from the development of the market.
- A review of the role of local authorities in supporting the wood energy sector, based on the experience of the Community & Enterprise Division of Donegal County Council. The published project report *Wood Energy and Local Authorities: Donegal Case Study* is a best practice guide for county councils on wood energy development. The WDC partnered with Donegal County Council to deliver this project.
- An assessment of the market potential of biomass combined heat and power (CHP) in the region and the potential economic benefits that could be derived from developing this sector. The report *Biomass CHP Market Potential in the Western Region: An Assessment* provides public and private stakeholders with practical CHP market information and will, hopefully, stimulate further discussion and action at both regional and national levels.







The findings of these three projects were presented by the WDC at information workshops held in November and December. The workshops were attended by potential entrepreneurs, business people, local authorities and organisations working in community and local development.

The WDC will continue to work with the relevant stakeholders to share the information generated by these projects, and build on the capacity and expertise created to date by these pilot initiatives.

All project reports are available for download on: [www.wdc.ie](http://www.wdc.ie)

In December, the WDC was approved for preparatory project funding under the EU Northern Periphery Programme to submit a full application in spring 2009. Potential impacts from full implementation of the proposed programme include:

- The creation of 900 FTE jobs.
- Reduction of carbon emissions by 619,000 tonnes.
- Provision of €1.7m annually to the region's farming community.

## Creative Sector



In 2008 the WDC undertook research into the creative sector in the Western Region to accurately quantify the full extent and potential of the sector, the first time such research has been undertaken in Ireland.

The WDC commissioned baseline research to profile the businesses and scope the size and impact of the sector. This involved engaging directly with over 300 businesses and organisations. The creative sector encompasses enterprises engaged in a diverse set of activities ranging from TV production, music, theatre, architecture, graphic design to the running of art galleries.

An Industry Advisory Group was formed in January 2008 to oversee and guide the baseline research, and regional consultations were also held. The Advisory Group provided valuable input to the development of recommendations to drive growth of the sector in the coming years (see *Appendix 3* for members). The resulting report *Baseline Research on the Creative Industries Sector in the Western Region of Ireland* can be downloaded from: [www.wdc.ie](http://www.wdc.ie)

Key findings of the research include:

- The sector employs 11,000 people directly (or 3.1% of the region's total workforce).
- Almost 4,800 businesses are operating in the sector, with a turnover of approximately €534m per annum.

- Most businesses are micro enterprises, just 12% employ more than 10 people.
- The businesses are generally indigenous enterprises and are embedded in the region.
- The sector primarily serves the domestic market, with only 14% of goods and services produced being exported.

Key priorities for developing the creative sector in the region were identified as:

- Development of networks of practice for more efficient production and development of creative goods and services, as well as greater market opportunities.
- Facilitation of sales growth through promoting a *Creative West* brand.
- Growth of exports through more effective distribution channels for the small dispersed businesses that are a feature of the sector.
- Development of creative hubs through the use of existing facilities across the region to enable lower-cost working environments.

The WDC will prepare a summary report, based on the baseline research, for publication in early 2009.



## Tourism

During the year, the WDC continued its support of the Greenbox cross-border ecotourism project, which is based on the Model of Rural Development developed by the Commission under the Western Development Tourism Programme (WDTP).

In January, the WDC supported Ireland's first ever *All Island Eco Tourism Conference* hosted by the Greenbox. The Greenbox is Ireland's first integrated ecotourism destination and the conference highlighted how successful this type of rural tourism initiative can be if certain

elements are present. These include stakeholders working together to develop innovative, high quality products that meet international standards and tap into high growth sectors.

The WDC began preparing a case study on the Greenbox initiative for publication in early 2009. This will demonstrate that the WDC Model of Rural Development is one which can be replicated, not only for the rollout of ecotourism projects but also for launching other innovative rural tourism projects, throughout Ireland.



Back row left to right: Nigel Brady, CEO Northern Ireland Energy Agency, Peter Kraneabuhl, Sustainable Travel International, Garry Prosser Tipperary Institute  
Front row left to right: John Burke, Consultant Greenbox, Catherine Mack, Journalist/Eco Writer, Ann Pollock, Desticorp, Gillian Buckley CEO Western Development Commission, Kate Burns, Chair Town and County (Conference Chair)





## SECTION 4



WDC INVESTMENT FUND



# WDC INVESTMENT FUND

---

To provide risk capital to SMEs and social enterprises.

## WDC Investment Fund

The WDC Investment Fund (WIF) is a provider of risk capital for SMEs, community enterprises and strategic projects in the Western Region. It has twin objectives of achieving a financial return on its investments and generating a social dividend for the region. It invests on commercial terms and all investments are repayable. The Fund works closely with its clients, supporting them on a long-term basis and helping them to achieve their growth targets. This is especially critical in the current economic climate where the operating and fundraising environment for SMEs is very difficult. Through its growing investment portfolio, the Fund demonstrates the viability of western-based investments to the private sector.

The Investment Fund has two sub-funds:

- Business Investment Fund: for knowledge-based, high-potential SMEs.
- Local Investment Fund: for community-based and not-for-profit enterprises.

The WDC is supported by an expert Fund Advisory Panel (FAP), which advises the Commission on investment decisions (see *Appendix 2* for membership of the FAP). For further information on the WDC Investment Fund, see: [www.wdc.ie](http://www.wdc.ie)

## 2008 Investments

In 2008, the WDC Investment Fund disbursed a total of €5.7m to SMEs and social enterprises in the Western Region. Of this total, €4m was the WDC's allocation under the National Development Plan (NDP) and €1.7m was monies that had revolved back into the Fund. To date, the WDC Investment Fund has invested a total of almost €33m in 80 projects in the region (50 SMEs and 30 social enterprises).

The WDC operates a diverse portfolio strategy. Of the €5.7m disbursed during 2008, 27% was invested in life sciences, 25% in social & economic infrastructure, 24% in manufacturing, 12% in information and communications technologies (ICT), and 12% in the food sector.

The 14 enterprises funded by the WDC during 2008 employed 296 people. These enterprises have the potential to create many more jobs in the coming years as they develop and expand.

A total of €21.3m in additional investment has been leveraged into the region through the projects supported by the Fund in 2008. This means that every €1 invested by the WDC has generated an additional spend of €3.70 in the region.

## SECTION 5



CORPORATE SERVICES

# CORPORATE SERVICES

---

## To operate the WDC as a competent and effective organisation.

As an inherent part of its strategic goals, the WDC strives to run an efficient and effective organisation that complies with legislative requirements, public sector modernisation and best practice by adhering to the following:



## Corporate Governance

As part of its continuing compliance with the Code of Practice for the Governance of State Bodies, the Commission appointed a new five-member Audit Committee in 2008, with three external members, and agreed revised terms of reference for the Audit Committee.

## Human Resources

Through the active participation of the WDC Partnership Committee, the organisation has continued its commitment to the public sector modernisation programme.

## Customer Care

The WDC is committed to providing its customers with a professional, efficient and courteous service in accordance with the WDC Customer Charter and the Principles of Quality Customer Services approved by the Government. A copy of the WDC's Customer Statement is available on: [www.wdc.ie](http://www.wdc.ie)

The WDC's website is regularly updated and, in 2008, customers were kept informed of the work of the organisation through press releases, publications, submissions and recruitment notices posted on: [www.wdc.ie](http://www.wdc.ie) No customer complaints were reported or recorded in 2008.

## Financial Management

The WDC's Financial Management System enables the Commission to operate a comprehensive budgeting and financial reporting process and to comply with best practice under the Code of Practice for the Governance of State Bodies.

## Freedom of Information Acts, 1997 & 2003

There were four requests for information under the terms of the Freedom of Information Acts, 1997 & 2003.

## Data Protection Acts 1988 & 2003

The WDC had no queries under the Data Protection Act in 2008.

## Official Languages Act 2003

Under the Official Languages Act (2003), the WDC has adopted the *WDC Language Scheme 2007-2010*. This scheme is published in English and Irish and is available on: [www.wdc.ie](http://www.wdc.ie)

## Chairperson's Report on WDC Compliance with the Code of Practice for the Governance of State Bodies in 2008

### 1. Code of Business Conduct for Directors and Employees of the WDC

Codes of business conduct for all directors and employees have been signed by all relevant parties and complied with in 2008.

### 2. Internal Audit Function

I confirm that all appropriate procedures for internal audit as set out in the Code of Practice were complied with by the WDC in 2008. The following work was carried out in relation to internal audit:

(i) **Internal Audit:** The Internal Auditor completed the 2008 Internal Audit Work Programme.

(ii) **WDC Audit Committee:** The Audit Committee met four times during 2008 and reported on its activity to the WDC.

(iii) **WDC Audits:** A full financial audit relating to the 2008 WDC financial statements by the Comptroller and Auditor General (External Auditors) has been carried out in 2009.

### 3. Procurement

In 2008, the WDC complied fully with relevant procurement procedures as set out in the WDC Procurement Guidelines and in the 2004 Government Procurement Guidelines.

### 4. Disposal of Assets and Access to Assets by Third Parties

There have been no disposals of assets above the agreed threshold by the WDC in 2008.

### 5. Guidelines for the Appraisal and Management of Capital Expenditure

These guidelines are not applicable to the WDC.

### 6. Pay to Chief Executives and State Body Employees

The WDC has adhered to Government guidelines and to the Department of Community, Rural and Gaeltacht Affairs' arrangements in relation to the remuneration of the Chief Executive and employees in 2008.

### 7. Payment of Directors' Fees and Expenses

The WDC adhered to Government guidelines and the Department of Community, Rural and Gaeltacht Affairs' arrangements in relation to the payment of Directors' fees in 2008. Details of these fees and aggregate expenses are given in the annual accounts.

### 8. A separate Chairperson's report has been submitted to the Minister with the 2008 Annual Report.

### 9. I confirm that the WDC has complied in full with the appropriate tax laws and with its tax obligations in 2008 and that there have been no issues reported.

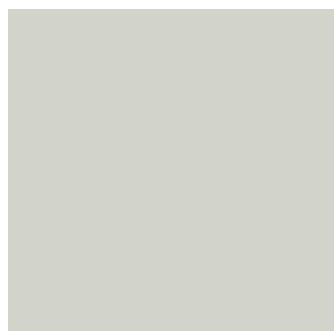
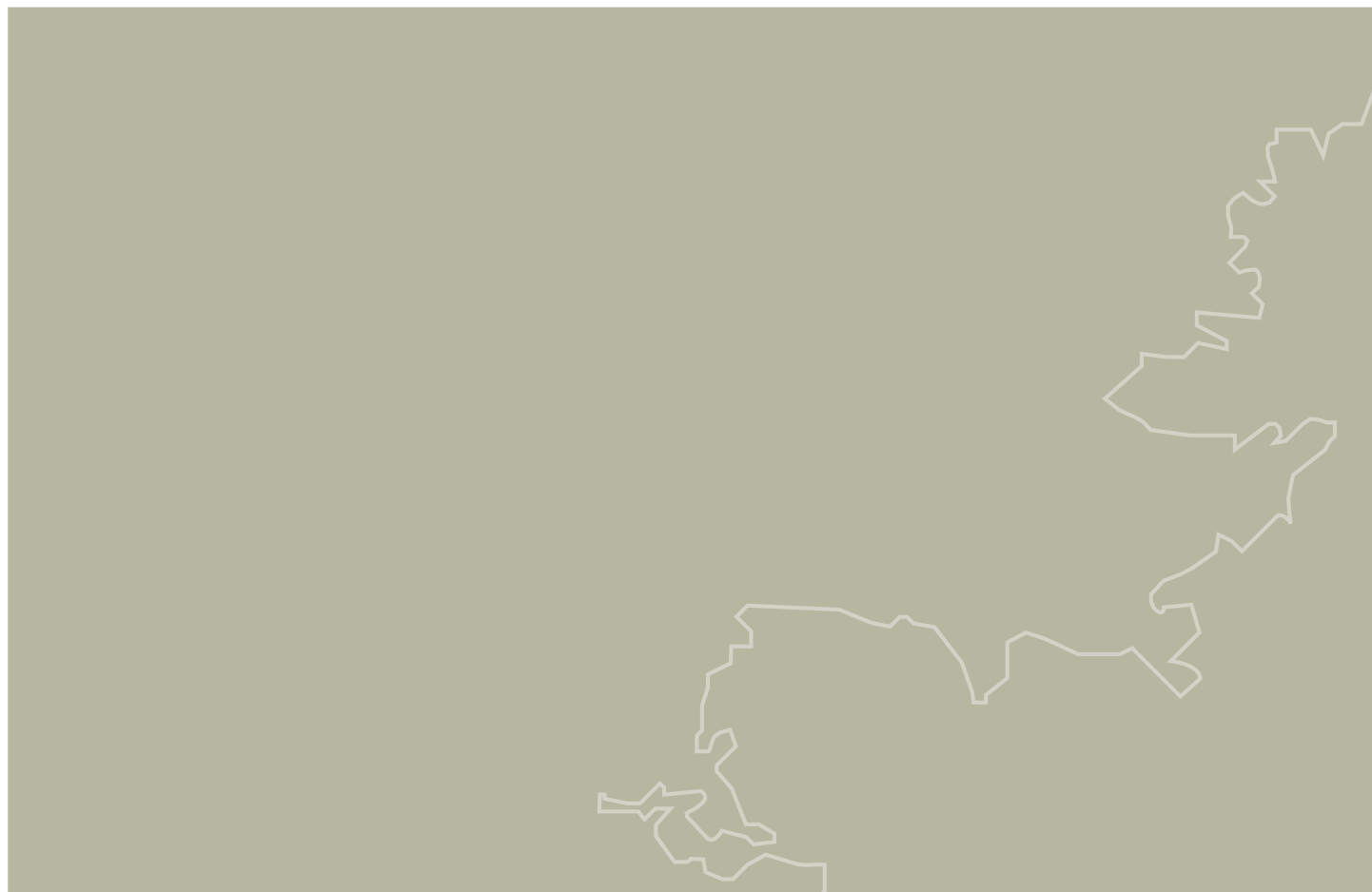
Signed:



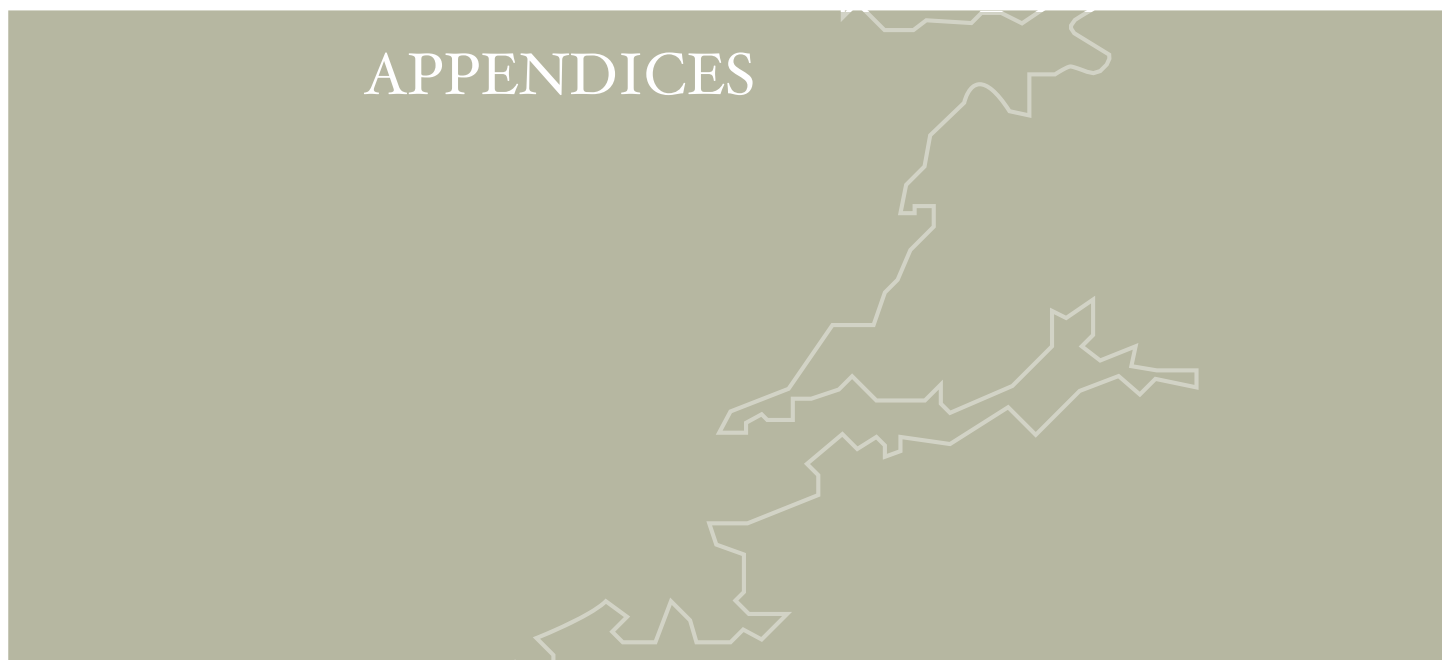
WDC Chairperson

Date: 31/3/2009





## APPENDICES



# APPENDIX I

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## Western Development Commission Members

### Chairperson

Michael Farrell	Ballymote, Co Sligo
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### Members

Seamus Caulfield*	Professor Emeritus
Jim Devenney*	Community Activist, Co Donegal
Mary Devine O'Callaghan	Office Manager, Co Roscommon
Pat Gilmore	Publican and Farmer, Co Galway
Mary Hoade	Member, Galway County Council
Jackie Maguire*	County Manager, Leitrim County Council
Martina Minogue	Director, eTeams (International) Ltd, Co Clare
Diarmaid Mulcahy*	Business Entrepreneur and Community Activist, Co Galway
Pádraig Ó Caomhánaigh	Community Activist, Co Galway
Helen Rochford-Brennan*	Community Activist, Co Sligo
Katie Sweeney	CEO, Mayo VEC
Mary Bohan**	Member, Leitrim County Council
Billy Grimes**	Lecturer, Killybegs Tourism College, Co Donegal
Greg Jackson**	Auctioneer, Co Mayo
Des Mahon**	County Manager, Mayo County Council
Ray O'Donoghue**	Council for the West, Co Galway

\* Appointed with effect from 1 February 2008

\*\* Retired with effect from 31 January 2008

## Audit Committee Members

### Chairperson

Martina Minogue	Director, eTeams (International) Ltd, Co Clare
-----------------	--

### Members

Ben Bradish	Chartered Accountant
Helen Rochford-Brennan	Community Activist, Co Sligo
Michael Morley	Former Secretary/Financial Controller of Connacht Gold Co-operative Society Ltd
Ray O'Donoghue	Council for the West, Co Galway

## APPENDIX 2

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### Fund Advisory Panel

#### Chairperson

Michael Farrell

Ballymote, Co Sligo

#### Members

John Dillon

HPSU Prospect Development Department Manager,  
Enterprise Ireland

Judy Greene

Judy Greene Pottery

Seán Hannick

MD, Killala Precision Components

Colm MacFhionnlaoich

Manager, Commercial Evaluation, Enterprise Ireland

John MacNamara

Economist

Martina Minogue\*

Director, eTeams (International) Ltd

Diarmaid Mulcahy\*\*

Business Entrepreneur and Community Activist

Pádraig Ó Caomhánaigh\*\*

Community Activist

Ray O'Donoghue\*

Council for the West

Katie Sweeney

CEO, Mayo VEC

\* Retired March 2008

\*\* Appointed March 2008

## APPENDIX 3

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### Other Advisory Panels

#### Regional Wood Energy Advisory Group Members

Richard Browne	Dept of Communications, Energy and Natural Resources
Pearse Buckley	Sustainable Energy Ireland
Philip Carr	Dept of Agriculture, Fisheries and Food
Peter Cafferkey	Dept of Agriculture, Fisheries and Food
Barry Caslin	Teagasc
Michael Ó hÉanaigh	Donegal County Council
Conor Lawlor	Institute of Technology Sligo
Dóirín Graham	Rural Resource Development Ltd
Christine Hutton	Rural Generation Ltd
Peter Keavney	Galway Energy Agency
Steven Meyen	Teagasc
Fiona Ní Mhurchadha	Údarás na Gaeltachta
Frank Conlon	Údarás na Gaeltachta
Joe O'Carroll	Imperative Energy Ltd
Hugo McCormick	Imperative Energy Ltd
Geraldine O'Sullivan	Irish Farmers Association

#### Creative Sector Industry Advisory Group Members

William Golden	NUI Galway
Geraldine Gray	Leitrim Design House
Jim Keogh	Údarás na Gaeltachta
Anton Mannering	Digital Media Forum
Nick Miller	Artist
David Power	Royal Institute of Architects of Ireland (RIAI)
Toby Scott	Centre for Design Innovation, IT Sligo
Ray Walsh	Enterprise Ireland

## APPENDIX 4

### 2008 Project Portfolio

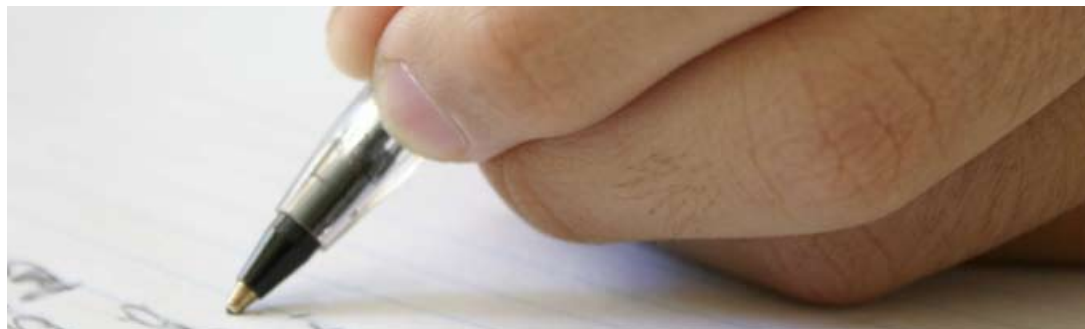
Project	County	Investment Type	Description
Heatsolve Ltd	Mayo	Equity €600,000	Manufacture of electrical heating components.
Meiticheol Teo	Galway County	Equity €100,000	Software development of a video-driven soundtrack composer.
Xancom Ltd t/a Lightstorm Networks	Galway City	Equity €219,314	Research & Development, for the marketing/sale of integrated circuit devices to international semiconductor and telecommunications markets.
Zerusa Ltd	Galway City	Equity €175,000	Less invasive medical device to make it safer, easier and quicker for physicians to access the vascular system.
Maoiniu Mara Teoranta	Galway County	Loan €450,000	A public/private partnership development to allow producers of farmed salmon and other species the capacity to develop premium-priced product by moving from a product-led to a market-led model.
Neutekbio Ltd	Galway City	Equity €50,000	Biotechnology company commercialising biological assays and test kits useful in diagnostic and clinical medicine.
FMC Tech Ltd	Clare	Equity €300,000	Development and marketing of a network management system for electrical utilities.
Brogan's Bakery Ltd	Galway County	Loan €700,000	Family run bakery incorporating a new "state of the art" bakery facility.
Selc Ireland Ltd	Mayo	Equity €487,000	The company develops, manufactures and distributes innovative public lighting control products.
Crospon Ltd	Galway City	Equity €500,000	Develops minimally invasive medical devices for monitoring, diagnosis and therapy of endocrinology- and gastroenterology- related illnesses.
Cairn International Trade Centre Ltd	Mayo	Loan €1,000,000	Development of 30,000 sq ft high-quality office workspace and ancillaries, targeting large-scale projects or departments of companies.

## APPENDIX 4

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### 2008 Project Portfolio Cont.

Project	County	Investment Type	Description
Vysera Biomedical Ltd	Galway City	Equity €400,000	Medical Device company developing products to address the growing niche gastrointestinal medical devices market.
Marvao Medical Devices Ltd	Galway City	Equity €400,000	Medical Device Company that plans to develop a series of products for patients who require long-term catheterization.
Almotech Ltd	Galway County	Equity €365,000	The development, assembly and marketing of an online jukebox and development of innovative complementary products aimed at Irish, UK and EU markets.



# FINANCIAL STATEMENT 2008



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# MEMBERS OF THE WESTERN DEVELOPMENT COMMISSION 2008

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## Chairperson

Michael Farrell                      Co. Sligo

## Members

Pat Gilmore	Co. Galway
Helen Rochford Brennan	Co. Sligo
Jackie Maguire	Co. Leitrim
Diarmaid Mulcahy	Co. Galway
Prof Seamas Caulfield	Dublin 14
Martina Minogue	Co. Clare
Mary Hoade	Co. Galway
Mary Devine O'Callaghan	Co. Roscommon
Jim Devenney	Co. Donegal
Katie Sweeney	Co. Mayo
Pádraig Ó Caomhánaigh	Co. Galway

## Bankers

Bank of Ireland, Ballaghaderreen, Co. Roscommon

## Auditors

The Comptroller and Auditor General, Treasury Building, Dublin Castle

# STATEMENT ON COMMISSION'S RESPONSIBILITIES

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Section 22 of the Western Development Commission Act, 1998, requires the Commission to prepare financial statements in such form as may be approved by the Minister for Community, Rural and Gaeltacht Affairs with the concurrence of the Minister for Finance and to submit them for audit to the Comptroller and Auditor General. In preparing these financial statements the Commission is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless that basis is inappropriate;
- disclose and explain any material departures from applicable accounting standards.


The Commission is responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the Commission and which enable it to ensure that the financial statements comply with Section 22 of the Act. The Commission is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Chairperson:**



**Michael Farrell**

**Chief Executive:**



**Lisa McAllister**

# REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

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## WESTERN DEVELOPMENT COMMISSION

### **Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas**

I have audited the financial statements of the Western Development Commission for the year ended 31 December 2008 under the Western Development Commission Act, 1998.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Western Investment Fund Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes.

#### **Respective Responsibilities of the Commission and the Comptroller and Auditor General**

The Commission is responsible for preparing the financial statements in accordance with the Western Development Commission Act, 1998, and for ensuring the regularity of transactions. The Commission prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Commission are set out in the Statement of Commission's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Commission's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

# REPORT OF THE COMPTROLLER AND AUDITOR GENERAL (Contd)

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I read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **Basis of Audit Opinion**

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Commission's affairs at 31 December 2008 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Commission. The financial statements are in agreement with the books of account.



Gerard Smyth  
**For and on behalf of the  
Comptroller and Auditor General**  
25 September 2009

# STATEMENT ON INTERNAL FINANCIAL CONTROL 2008

---

1. On behalf of the Board of the Western Development Commission I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.
2. The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely period.
3. The following procedures have been put in place by the Board designed to provide effective internal financial control:
  - i. The board has taken steps to ensure an appropriate control environment is in place by establishing :
    - a clearly defined organisational structure;
      - with defined lines of responsibility; authority limits; segregations of duties and delegated authority: a clearly documented system of financial procedures
    - reporting mechanisms to Management, Audit Committee and and to the Chairperson and Board
  - ii. The Board has established processes to identify and evaluate business risks by:
    - identifying the nature, extent and financial implications of risks facing the Commission
    - assessing the likelihood of identified risks occurring (detailed risk assessment carried out by internal auditors):
    - working closely with Government and relevant agencies to ensure that there is a clear understanding of the Commission's strategy
  - iii. The Commission uses an in house Financial Management System enabling it to operate a comprehensive budgeting process and ensure that any budgetary variances are promptly identified, examined and addressed. Monthly budget and expenditure reports are prepared for management and for the Department.
  - iv. The Commission has in place procedures for addressing financial implications of major business risks. These include :
    - an annual budget approved by the Board;
    - clearly defined set of operation financial procedures
    - clearly defined and board approved investment procedures for the operation of the Western Investment Fund; including post investment procedures
    - defined authorisation limits, segregation of duties

## STATEMENT ON INTERNAL FINANCIAL CONTROL 2008 (Contd)

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- v. In 2008 the Commission had in place the following procedures to monitor the effectiveness of the internal financial control system:
- a. An Internal Audit Function, which was outsourced and operated in accordance with the internal audit work plan including a risk analysis. This audit plan and risk analysis was endorsed by the Audit Committee. The Internal Audit Function reported to the Audit Committee on its organisational expenditure reviews and this report reflected the internal auditors opinion on the adequacy and effectiveness of the system of internal financial control in the WDC.
  - b. The Board's monitoring and review of the effectiveness of the system is informed by:
    - the work of the internal auditor;
    - the audit committee (which oversees the work of the internal auditor);
    - the Commission executive who have responsibility for the development and maintenance of the financial control framework; and comments made by the Comptroller and Auditor General in his management letter.
4. Annual Review of Controls
- I confirm that the Board carried out a review of the effectiveness of the internal financial controls in 2008.

Signed: 

Date: 22 September 2009

WDC Chairperson

# STATEMENT OF ACCOUNTING POLICIES

---

## 1. Basis of Accounting

The financial statements are prepared under the accruals method of accounting, except as indicated below, and in accordance with generally accepted accounting principles under the historical cost convention. Financial Reporting Standards recommended by the recognised accountancy bodies are adopted as they become operative.

## 2. Oireachtas Grants

Oireachtas Grants are accounted for on a cash receipts basis.

## 3. Fixed Assets

Fixed Assets are stated at their historical cost or valuation less accumulated depreciation. Depreciation is charged to the income and expenditure account on a straight line basis, at the rates set out below, so as to write off the assets, adjusted for estimated residual value, over the expected useful lives.

Fixtures and Fittings 15%

Computers & IT 33%

## 4. Pensions

The Commission operates a defined benefit pension scheme which is funded annually on a pay as you go basis from monies available to it, including monies provided by the Department of Community, Rural and Gaeltacht Affairs and from contributions deducted from staff salaries. Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are paid over to the Department in accordance with the Commission's funding arrangements. Actuarial gains and losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Department of Community, Rural and Gaeltacht Affairs. Pension liabilities represent the present value of future pensions payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Community, Rural and Gaeltacht Affairs.

## 5. Capital Account

The Capital Account represents the unamortised value of income used for capital purposes

## 6. Western Investment Fund

An overall fund of €28 million has been committed to by the Department of Community Rural and Gaeltacht Affairs under the NDP 2007 - 2013. On approval of a project by the Commission, funds are drawn down from the Department and loans and investments are issued to the relevant body.

# STATEMENT OF ACCOUNTING POLICIES (Contd)

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## **7. Investment Income**

Investment income earned on the Western Investment Fund is credited to the Fund.

Interest on loans is calculated on a reducing balance basis and is taken to the Income & Expenditure account over the period of the agreement. Interest on loans in arrears is not accrued and is only taken to the Income & Expenditure account when received.

Dividends on equity investments are taken to the Income & Expenditure account as they are received.

## **8. Unquoted Investments**

Unquoted investments are stated at fair value (Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on management's assessments following a review process of each portfolio company using the latest available audited accounts and recent management accounts and other relevant business information. The guidelines followed by the WDC in arriving at valuations are in accordance with the valuation principles of the European and Irish Venture Capital Associations. Where the reasons for provisions in respect of impairment of value have ceased to apply, those provisions are reversed. Where management's assessment of the value of an investment is nil, due to insolvency or otherwise, these investments have been written off.

## **9. Provisions for Loan Losses Policy**

Specific provisions are made for loans when the WDC considers that the creditworthiness of a borrower has deteriorated such that the recovery of whole or part of the outstanding loan is in serious doubt. The amount of the specific provision is equivalent to the amount necessary to reduce the carrying value of the loan to its expected ultimate net realisable value.

## **10. Gains and Losses**

Realised gains and losses are recognised in the Income and Expenditure Account when they are realised.



# INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008


WESTERN DEVELOPMENT COMMISSION	NOTES	2008 €	2008 €	2007 €	2007 €
<b>INCOME</b>					
Oireachtas Grant	1	6,507,963		5,836,586	
Other Income		174,888		16,338	
Transfer to Western Investment Fund	8a	(3,995,362)		(3,406,400)	
Transfer from/(to) Capital Account	6	17,213		(25,691)	
Net Deferred Funding for Pensions		<u>216,146</u>		<u>176,155</u>	
			2,920,848		2,596,988
<b>EXPENDITURE</b>					
Operating Costs	2		<u>2,981,717</u>		<u>2,608,536</u>
Surplus/(Deficit) for the Year			(60,869)		(11,548)
Surplus/(Deficit) at Beginning of Year			(6,692)		4,856
<b>Surplus/(Deficit) at End of Year</b>			<u><u>(67,561)</u></u>		<u><u>(6,692)</u></u>
<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>			<b>2008 €</b>		<b>2007 €</b>
Surplus/(Deficit) for the Year			<u>(60,869)</u>		<u>(11,548)</u>
Experience Losses/(Gains) Arising on the Scheme Liabilities			255,000		(115,000)
Changes in Assumptions			–		–
Actuarial Loss/(Gain) on Pension Liabilities			<u>255,000</u>		<u>(115,000)</u>
Adjustment to Deferred Pension Funding			(255,000)		115,000
Total Recognised Gain/(Losses) for the Year			<u><u>(60,869)</u></u>		<u><u>(11,548)</u></u>

The statement of accounting policies and the notes 1 to 10 form part of these financial statements.

Michael Farrell:  
WDC Chairperson



Lisa McAllister:  
WDC Chief Executive



# WESTERN INVESTMENT FUND

## INCOME AND EXPENDITURE ACCOUNT

### FOR THE YEAR ENDED 31 DECEMBER 2008

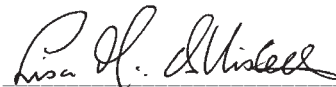
WESTERN INVESTMENT FUND	NOTE	2008 €	2008 €	2007 €	2007 €
<b>INCOME</b>					
Transfer from the Commission		3,995,362		3,406,400	
Interest Earned		390,639		365,888	
Investment Fund Income		35,990		183,054	
Arrangement Fees		12,870		3,180	
Management Fees		4,601			
			4,439,462		3,958,522
<b>EXPENDITURE</b>					
			0		0
<b>Provision for Write Down on Investments</b>			<u>(6,328,942)</u>		<u>(2,252,173)</u>
Increase/(Decrease) in the Fund			(1,889,480)		1,706,349
Balance of the Fund at the Beginning of the Year			<u>18,516,119</u>		<u>16,809,770</u>
Balance of the Fund at the End of the Year			<u><u>16,626,639</u></u>		<u><u>18,516,119</u></u>

The statement of accounting policies and the notes 1 to 10 form part of these financial statements.

Michael Farrell:  
WDC Chairperson



Llisa McAllister:  
WDC Chief Executive



# BALANCE SHEET AS AT 31 DECEMBER 2008

	NOTES	2008 €	2007 €
<b>FIXED ASSETS</b>			
Tangible Assets	4	39,316	56,529
<b>FINANCIAL ASSETS</b>	5	16,626,639	18,516,119
		<u>16,665,955</u>	<u>18,572,648</u>
<b>CURRENT ASSETS</b>			
Bank Current Account		166,165	141,213
Prepayments		8,503	38,160
		<u>174,668</u>	<u>179,373</u>
<b>CURRENT LIABILITIES</b>			
Creditors and Accruals		(242,229)	(186,065)
<b>NET CURRENT ASSETS</b>		<u>(67,561)</u>	<u>(6,692)</u>
Total Assets Less Current Liabilities before Pensions		16,598,394	18,565,956
Deferred Pension Funding		1,500,000	1,000,000
Pension Liabilities		(1,500,000)	(1,000,000)
Total Assets Less Current Liabilities		<u><u>16,598,394</u></u>	<u><u>18,565,956</u></u>
<b>FINANCED BY:</b>			
Investment Fund		16,626,639	18,516,119
Income and Expenditure Account		(67,561)	(6,692)
Capital Account	6	39,316	56,529
		<u><u>16,598,394</u></u>	<u><u>18,565,956</u></u>

The statement of accounting policies and the notes 1 to 10 form part of these financial statements.

Michael Farrell:  
WDC Chairperson



Lisa McAllister:  
WDC Chief Executive



# CASH FLOW STATEMENT AT 31 DECEMBER 2008

## RECONCILIATION OF SURPLUS/(DEFICIT) TO CASHFLOW FROM OPERATING ACTIVITIES

	2008	2007
Surplus/(Deficit) for the Year	(60,869)	(11,548)
Depreciation	26,051	23,630
Loss on Disposal of Assets	–	290
Transfer to Capital Account	(17,213)	25,691
(Decrease)/Increase in Prepayments	29,657	(3,033)
Increase/(Decrease) in Creditors & Accruals	56,165	63,306
<b>Cash Inflow from Operating Activities</b>	<b>33,791</b>	<b>98,336</b>
<b>Capital</b>		
Funds to acquire fixed assets	(8,838)	(49,611)
<b>Net Cash Inflow</b>	<b>24,953</b>	<b>48,725</b>

## RECONCILIATION OF MOVEMENTS IN CASH BALANCES

	2007	MOVEMENT	2008
Bank Current Account	141,107	25,053	166,160
Petty Cash	106	(101)	5
	<b>141,213</b>	<b>24,952</b>	<b>166,165</b>

# NOTES TO THE FINANCIAL STATEMENTS

1. GRANT INCOME	NOTE	2008 €	2007 €
Operating Grant*	2,538,962		2,456,155
Less refund to Department re 2008	(26,361)	2,512,601	(25,969)
			2,430,186
WIF Grant		3,995,362	3,406,400
		<b>6,507,963</b>	<b>5,836,586</b>
* Operating Grant is shown net of pension contributions			
2. OPERATING COSTS	NOTE	2008 €	2007 €
Salaries (including employers PRSI)		1,018,785	976,799
Travel and Subsistence - Staff		112,435	101,265
Pension Costs	8c	216,146	176,155
Training and Development		45,361	87,467
Public Relations (incorporating Look West campaign) (a)		74,604	106,040
Professional Fees		514,552	243,749
Professional Fees - Western Investment Fund		40,087	72,372
Board Members			
Travel and Subsistence		23,621	12,195
Fees		86,451	86,333
Other		-	3,124
Meetings and Seminars	(b)	47,268	4,255
Board Sub-committee's/Advisory Panels			
Travel and Subsistence		4,650	2,760
Other		-	2,022
Printing and Design		83,655	62,937
Office Expenses		27,079	21,241
Light and Heat		5,694	5,147
Repairs and Maintenance		58,120	55,328
Insurance		9,002	13,480
Audit Fee		11,500	11,500
Accountancy and Internal Audit		55,623	40,761
Advertising, Marketing & Subscriptions (incorporating Look West campaign) (c)		490,417	468,591
Telecommunications		29,337	24,761
Depreciation		26,051	23,630
Sundry		1,279	6,334
Loss on Disposals		-	290
		<b>2,981,717</b>	<b>2,608,536</b>

(a) There was a significant increase in professional fees incurred during the year. Research fees accounted for €200,131 of Professional Fees. This research provided valuable inputs towards the delivery of the Creative West Report, the Relocation Study Report, the Wood Energy Strategy and the Travel to Work Report. In Addition, the LookWest.ie campaign accounted for a further €171,886. This campaign was co-financed with seven local authorities in the region, and included a seven week national multi media campaign with a strong enterprise focus, supported by an enhanced LookWest.ie website.

(b) The increase in Meetings and Seminars was primarily due to the hosting of a national conference in Athlone on "Balanced Regional Development – A Challenge for Policy", hosted on 23 May 2008.

(c) A total of €445,019 of advertising and marketing expenditure related to the LookWest campaign including substantial television, radio and print media coverage.

# NOTES TO THE FINANCIAL STATEMENTS (Contd)

## 3. PREMISES

The Western Development Commission is based in Dillon House, a building owned by Roscommon County Council and managed by the Office of Public Works. No provision is included in the accounts for rent.

## 4. FIXED ASSETS

	2008 €	2007 €
Cost/Valuation at 1 January	154,390	146,984
Additions in Year	8,838	49,611
Disposals	(31)	(42,205)
Balance at 31 December	163,197	154,390
Accumulated Depreciation	97,861	116,146
Charge for period	26,051	23,630
Disposals	(31)	(41,915)
Balance at 31 December	123,881	97,861
Net Book Value at 31 December	39,316	56,529

## 5A. FINANCIAL ASSETS

	NOTE	2008 €	2007 €
Equity Investments	5b	9,982,166	12,575,389
Loans	5b	6,494,372	4,711,576
Funds committed for investment		57,925	90,454
Balance available for reinvestment		92,176	1,138,700
		16,626,639	18,516,119

# NOTES TO THE FINANCIAL STATEMENTS (Contd)

## 5B. EQUITY INVESTMENTS AND LOANS

	2008 €	2007 €
<b>Cost</b>		
Opening Value at 1 January	23,561,691	18,231,689
Additions	5,746,314	6,195,790
Disposals/Repayments	(227,796)	(892,888)
Write Offs	(828,121)	27,100
Closing Cost at 31 December	<u>28,252,088</u>	<u>23,561,691</u>

## Provision for Diminution in Value

Opening Balance at 1 January	6,274,726	3,995,453
Movement in Provision	<u>5,500,824</u>	<u>2,279,273</u>
Closing Balance	<u>11,775,550</u>	<u>6,274,726</u>

During 2008, the WDC received €227,796 from capital repayments on loans and a partial repayment on one equity investment. Due to the downturn in the world economy, 2008 has been a difficult year for the investments in the WDC portfolio. Three companies amounting to a total investment of €828,121 went into liquidation and were written off. We have also increased our provision against further bad debts by €5,500,824. The reasons for increasing the provision related in the main to investee companies having issues sourcing adequate cash flow or their performance was behind plan. This is compared to 2007 when the WDC successfully exited from two equity investments and together with loan repayments total capital receipts amounted to €892,888 and provision for bad debts amounted to €2,279,273.

<b>Closing Valuation at 31 December</b>	<b>16,476,538</b>	<b>17,286,965</b>
<b>Equity</b>	<b>10,055,301</b>	<b>12,575,389</b>
<b>Loans</b>	<b>6,494,373</b>	<b>4,711,576</b>
	<b>16,549,674</b>	<b>17,286,965</b>

## 6. CAPITAL ACCOUNT

	2008 €	2008 €	2007 €	2007 €
Balance at 1 January		56,529		30,838
Transfer from Income and Expenditure Account:				
Funds allocated to acquire Fixed Assets	8,838		49,611	
Loss on Disposals	-		(290)	
Amount amortised in line with asset depreciation	<u>(26,051)</u>		<u>(23,630)</u>	
		(17,213)		25,691
		<u>39,316</u>		<u>56,529</u>

# NOTES TO THE FINANCIAL STATEMENTS (Contd)

## 7. FUTURE COMMITMENTS

	2008	2007
Opening Commitments	5,980,000	4,100,000
Approvals	3,906,018	9,035,934
Decommitments	–	(960,144)
Disbursals	(5,746,314)	(6,195,790)
Closing Commitments	<u>4,139,704</u>	<u>5,980,000</u>

## 8. PENSION COSTS

### a) Pension Scheme

A defined benefit superannuation scheme applies to the staff of the Western Development Commission (WDC). Benefits are financed on a “pay-as-you-go” basis and there are no assets held in respect of the accrued pension liabilities of the WDC staff. The results set out below are based in an actuarial valuation of the liabilities in respect of WDC staff as at 31 December 2008. This valuation was carried out by a qualified independent actuary for the purposes of the accounting standard, **Financial Reporting Standard No. 17 - Retirement Benefits** (FRS 17).

The information on pensions has been presented in line with new disclosure requirements from 2008 under an amendment to FRS 17 with the exemption of the mortality basis which allows for improvements in life expectancy over time. This will be included in the 2009 note.

	At 31/12/08	At 31/12/07	At 31/12/06
Discount Rate	5.50%	5.50%	5.50%
Rate of Expected Salary Increase	4.00%	4.00%	4.00%
Rate of Increase in Pension Payment	4.00%	4.00%	4.00%
Inflation	2.00%	2.00%	2.00%

### b) Net Deferred Funding for Pensions in year

	2008 €	2007 €
Funding recoverable in respect of current year pension costs	216,146	176,155
State Grant applied to pay pensions	–	–
	<u>216,146</u>	<u>176,155</u>

### c) Analysis of Total Pension Costs Charged to Expenditure

	2008 €	2007 €
Current Service Costs	190,000	165,000
Interest on Pension Scheme Liabilities	55,000	50,000
Employee Contributions	(28,854)	(38,845)
Total Operating Charge	<u>216,146</u>	<u>176,155</u>



# NOTES TO THE FINANCIAL STATEMENTS (Contd)

## e) Movement in Net Pension Liability During the Financial Year

	2008	2007
	€	€
Net Pension Scheme Liability at 1 January	1,000,000	900,000
Current Service Cost	190,000	165,000
Interest Cost	55,000	50,000
Actuarial Loss/(Gain)	255,000	(115,000)
Benefits Paid in the Year	–	–
<b>Net Pension Liability at 31 December</b>	<b>1,500,000</b>	<b>1,000,000</b>

## f) History of Experience Gains and Losses

	2008	2007
	€	€
<b>Experience Losses/(Gains) on Scheme Liabilities</b>		
Amount	255,000	(115,000)
Percentage of the Present Value of the Scheme Liabilities	17%	(11%)

## Total Amount Recognised in Statement of Total Recognised Gains and Losses

Deferred Pension Funding Represents the Corresponding Asset which will be Recovered in Future Periods	255,000	(115,000)
Percentage of the Present Value of the Scheme Liabilities	17%	(11%)

## 9. COMMISSION MEMBER'S INTERESTS

The commission adopted procedures in accordance with the Code of Practice for the Governance of State Bodies in relation to the disclosure of interests by Commission members, and these procedures have been adhered to in the year.

## 10. BOARD APPROVAL

The Board of the Western Development Commission approved these Financial Statements on 22/09/2009





## ABBREVIATIONS



## ABBREVIATIONS

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ARC	Atlantic Road Corridor
CER	Commission for Energy Regulation
CHP	Combined Heat and Power
CSO	Central Statistics Office
DCENR	Department of Communications, Energy and Natural Resources
DCRAGA	Department of Community Rural and Gaeltacht Affairs
DSFA	Department of Social and Family Affairs
FAP	Fund Advisory Panel
FTE	Full-time Equivalent
GVA	Gross Value-added
JOC	Joint Oireachtas Committee
ICT	Information and Communications Technology
NDP	National Development Plan
NIRSA	National Institute for Regional and Spatial Analysis
NSS	National Spatial Strategy
SMEs	Small and Medium-sized Enterprises
WDC	Western Development Commission
WDTP	Western Development Tourism Programme
WIF	Western Investment Fund
WRC	Western Rail Corridor





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