



Mr Martin Shanahan
Chief Executive
Forfás
Wilton Park House
Wilton Place
Dublin 2

15th January 2014

Dear Martin,

The American Chamber of Commerce Ireland is pleased to make a submission for the forthcoming ICT Action Plan 2014 – 2018. Continuing to meet Ireland's ambitions as a high-tech economy requires a ready supply of suitably qualified candidates across a range of disciplines. The supply of ICT skills now affects virtually all components of Ireland's business base and not simply organisations regarded as ICT centric. The American Chamber represents many of the largest and most high-skill dependent organisations in the country. It is therefore of the utmost importance that this latest iteration of the ICT Action Plan firmly embeds advances in the supply of those skills.

The American Chamber has previously welcomed new innovations such as short courses to be introduced in the Junior Cycle curriculum focusing on ICT skills. It will be crucially important that these courses are well developed availing of the significant expertise available to the Department of Education and Skills and the schools themselves. Furthermore, the Chamber believes the Government should have the ambition of embedding ICT skills as a core part of the curriculum across subjects. The Chamber is also keen to see continued professional development opportunities for secondary teachers who require it to ensure that their mathematical competence is sufficient to deliver the curriculum and enable their students to gain a genuine understanding of the subject.

The existing ICT Action Plan was an important statement of intent for Ireland and one that the Chamber strongly supported. We believe that the following areas deserve consideration in the 2014-2018 plan and we propose a number of related actions.

Permits

The State has introduced a number of reforms in its permits system and the Chamber made submissions in regard to those reforms. While the changes are being implemented it remains too early to judge their success or otherwise. It is, however, vital that Ireland is regarded as a country that is very open and welcoming to talent, particularly high-skilled mobile talent, and the reforms are an important signal that this is the case.

While improvements in the supply of graduates in ICT have been made, and are continuing, the staffing needs of the high-tech sectors are such that continued arrivals of suitably qualified staff from abroad persists and will persist. This includes not insignificant numbers availing of employment permits. In order that employers are able to hire the necessary talent as quickly as possible it is vital that the permits system facilitates that now and into the future.

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Action required:

There should be prompt introduction of promised new reforms in 2014 and continuing assessment of the reform package. Regular consultation with employers and employer representative bodies will assist the relevant Departments to remain well informed of the effectiveness and appropriateness of all the related aspects of a modern permits system.

Internships

In partnership with the Higher Education Authority, a number of our member companies, Higher Education Institutions and Government departments, came together in early 2013 to examine this issue and the outcome was a proposal to establish a National STEM Internship Programme. This HEI structured, accredited and evaluated learning is to be delivered in the workplace on a national framework making it an internationally unique programme.

The proposed solution was designed to address a number of key considerations for industry and higher education in Ireland including building skills pools in four indicative clusters of knowledge in :

- Process transformation and competitiveness
- Innovation and emerging technologies
- Interdisciplinary market-focused technologies
- Innovating and translating for green, blue and clean industries.

The HEA has proposed a pilot of the scheme for up to 500 persons for 2014 to be funded via the allocation of an increased JobBridge allocation. It will involve interns participating in a Post Graduate Certificate in Professional Practice (PGPP) worth 30 ECTS at Level 9 on the NFQ,

A call for Expressions of Interest was issued by the HEA to HEIs seeking their proposals for the pilot in late 2013. The HEA is currently examining the potential pilot programmes in greater detail. It is proposed that the PGPP to be delivered in the pilot would be run on a shared costs basis, between industry and academic partners, using, where possible, existing infrastructure and resources.

Action required:

The Chamber strongly recommends that if there is a successful evaluation of the Pilot, the State should move to place this programme on a national footing, including dealing with the restrictions imposed upon the Pilot by being limited to those only eligible for JobBridge and the need for more attractive student stipends.

Corporate Social Responsibility

American Chamber member companies are heavily involved in Corporate Social Responsibility (CSR) activities. A recent American Chamber study found that more than 80,000 employees of US companies in Ireland were involved in 2012 with over 2,000 projects. In 2012 US companies donated over 164,000 volunteer hours. While areas such as the arts, sport, environmental activities and health are substantially represented in these activities, education stands out as the largest area for 40% of company donations.



CSR activities can make a real difference in delivering educational outcomes. That contribution often includes activities such as curriculum development, mentoring students, competitions (e.g. Young Scientist), site visits and workshops. It is clear that our members take this seriously and wish to see real results delivered from their involvement.

To that point, the drop in numbers graduating from third level STEM courses over the past decade was disappointing for industry; however the turn-around in recent years is encouraging. To further boost numbers in those subjects CSR programmes will play an essential role in encouraging curiosity in the subjects and awareness of STEM career opportunities.

Action required:

It is recommended that the extent and value of the CSR activities of industry be better understood and appreciated at Government level. Where possible such activities should become more collaborative. This must be done, however, without diluting any of the individual existing efforts of companies. Concerted efforts could maximise the impact of those activities. The Chamber will seek to develop a CSR strategy in 2014 and would be happy to explore how this might be aligned to the priorities of the 2014-2018 Plan.

In addition, the work of the Smart Futures initiative is of central importance in regard to promoting STEM careers, and the Chamber advocates that the initiative continues to be funded and supported by all relevant bodies.

Tax

The relatively early entry point that income is exposed to the highest marginal income tax rate in Ireland is especially uncompetitive for a traded economy reliant on a highly open labour market within Europe. This is important as our member companies are of the view that fully-loaded (income tax, PRSI and USC combined) income tax burdens on skilled workers are now at a level which is making it very difficult to retain critical technical and leadership talent within Ireland. The current position is impacting our ability to attract talent to take up open positions in companies and retain experienced personnel in current vital positions. The American Chamber welcomed the Government's commitment not to further increase the income tax burden in Budget 2014. It is essential that no further increase is considered, and that Government seek to reduce punitive marginal rates when the fiscal climate permits.

The cost to the employer of employing people has a direct bearing on employment numbers hence we must ensure that labour costs are competitive both from the employee and employer perspective. Hence, we recommend that changes to social security costs and benefits should not adversely impact upon costs in the private sector. Employers PRSI is a direct cost on employing staff. Higher charges would have a seriously detrimental effect on the ability of industry to hire and retain staff. Reducing the impact of the tax system on the ability of employers to hire is essential to generate a sustained recovery and the creation of greater numbers of openings in high-tech industries.



Action required:

The Chamber calls for the extension and broadening of the qualifying criteria for existing PRSI reliefs and exemptions with a view to lower Employers PRSI being used as an effective tool to drive additional headcount in existing companies. Further, moves to reduce the impact of the marginal income tax rate and threshold on take home pay would boost our competitiveness to retain and attract skills.

Multidisciplinary skills

Many American Chamber member firms in Ireland are now the European or EMEA headquarters within their parent companies. This necessarily entails greater foreign language requirements among some of their staff here. At present many such roles are filled by staff hired from abroad and very few by Irish staff. While the Chamber welcomes a diverse and internationalised workforce as a real benefit for Ireland, it is a practical preference of many of our members to hire greater numbers of Irish staff, not least due to the lower levels of staff turnover associated with them.

As roles within our member organisations continue to evolve in terms of their complexity it has become more common for them to require staff with both technical and language abilities and with technical and sales/marketing abilities. There is currently a shortage of such suitably qualified staff in Ireland and this is an area in which action is required to facilitate a cohort of such talent. Work is increasingly cross-functional and a multidisciplinary skills profile will become increasingly important for staff globally.

Action required:

A greater number of third level programmes that facilitate acquiring both language and technical skills and technical expertise and sales/marketing skills would be a real advancement for Ireland's skills landscape.

Martin, Ireland's FDI sector continues to be robust and resilient, providing a source of stability for the Irish economy. The IDA's results for 2013 highlight this – especially with the arrival of 78 new businesses into the country during last year. Ireland will only be able to continue the revitalization of its economy by creating new jobs in the private sector with a business friendly environment for investment and we believe our suggestions will enhance our attractiveness for new investment to retain and grow jobs in Ireland. We are available to discuss these matters further.

Yours sincerely,

Brian Cotter
Public Affairs Director

cc. Mr Gerard Walker, Senior Policy Advisor, Forfás