

Statement to the Oireachtas Joint Committee on Enterprise, Trade and Employment- 8th December 2021- The Skills Needed to Support the Economic Recovery Plan

I wish to thank the Joint Committee for the opportunity to address you on the important issue of the skills needed to support delivery of the economic recovery plan. As the committee will be aware, the Expert Group on Future Skills Needs – the EGFSN -is the independent body tasked with advising the Government on the current and future skills needs of the Irish economy.

In developing its work programme, the EGFSN always seeks to align with and support the delivery of key national policy objectives. In its recent work, the Group has examined some of the major themes of the Economic Recovery Plan- the structural shifts created by digital transformation and the decarbonisation of Ireland's economy; the need to enhance the performance of Ireland's SME sector; the creation of an innovative knowledge economy; the expansion and diversification of Ireland's international trade post-Brexit; and the need to address Ireland's housing and infrastructural requirements.

As detailed in the background briefing document provided to Committee members, a range of skills have been identified by the EGFSN as key to delivering on these objectives.

In order to enable and effectively exploit the spread of digital transformation across all sectors of the economy, digital literacy and skills need to be a core workforce competency. They are also needed to support broader social inclusion. Older workers in particular will need to be assisted in acquiring these skillsets.

Further enhancing Ireland's pool of high-level ICT talent, in other words the skills involved in designing, building, implementing, and maintaining the integrity of high-level ICT systems, will also be central to driving digital transformation. Measures to enhance the pipeline of students from second level, in particular female students, are needed to secure a greater domestic supply of these skills- which are currently complemented by a pool of international talent.

To address Ireland's climate action targets, there will also have to be an increase in technical decarbonisation skills, as well as broader environmental awareness. In its most recent report, the EGFSN has forecast a significant increase in demand for skills across wind and solar energy generation, as well as residential retrofit- employment will have to triple and quadruple in wind and solar power projects and residential retrofit respectively. This will create demand across engineering, environmental, science and humanities and legal/professional roles, as well as in construction, retrofit, transport and logistics, and electric vehicle maintenance roles.

Our Climate Action commitments will in turn create further demand for skills across Built Environment Activities, in order to deliver on our infrastructural and new housing requirements. In order to meet the *Housing for All* targets, by 2025 the workforce involved in new builds will have to increase by 70% over 2020 levels, and double by 2028. This level of demand emphasises the need for the Construction sector in particular to address issues around its attractiveness to new entrants, and to address the acute gender imbalance in its workforce.

The expansion and diversification of Ireland's international trade, at least from a goods trade perspective, will heighten the demand for logistics and supply chain management skills., in order to ensure the orderly and competitive distribution of trade between Ireland and overseas markets. Again, however, a poor and unattractive image of the sector, as well as a lack of awareness of its employment opportunities, needs to be addressed to meet this demand.

Rebuilding Sustainable Enterprises, the third pillar of the Economic Recovery Plan, addresses the supports and policies needed to make enterprises more resilient, particularly in the SME sector. Improving productivity is one of the most important issues for SMEs in Ireland. The EGFSN's analysis has demonstrated how management development, and the adoption of world class management practices, is one of the key levers for achieving that. Its research has highlighted some of the barriers but also the opportunities that exist for Irish SMEs to improve their performance through greater investment in targeted, high-quality management training and development.

The Economic Recovery Plan also highlights how disruptive macro trends including accelerations in automation and digitalisation are redefining business models. Back in 2017, the EGFSN acknowledged that design thinking is critical in dealing with disruption, adding strategic value, creative thinking and innovation from the earliest stages of development through to the final delivery of products and services. Since then, the Group has developed, and is helping to implement, key recommendations on Digital, Product and Strategic design.

Meanwhile, the ability of Irish enterprise, and Ireland more generally, to operate and advance its interests in an increasingly globalised world, rests on the languages agenda, and the greater cultural awareness skills that accompany it. The importance of enhancing Ireland's pool of language skills from a comparatively low base, as identified by the EGFSN, directly resulted in the development of Ireland's 10-year strategy for foreign languages, *Languages Connect*, in 2017.

To conclude, apart from these key skills areas, there will also be a need for a range of transversal or softer skills to be embedded across the workforce development programmes, to support the resilience of workers in the labour market, their readiness for ongoing engagement with lifelong learning pathways, and their adaptation to changes in job roles as digital transformation and decarbonisation progress. These include the capacity for critical thinking and analysis, problem solving, communications and management- attributes that are critical in a constantly evolving and increasingly blended working environment, where teamwork and communication are key.

I welcome any questions and would like to thank the Committee for the opportunity to discuss the important issue of how, from a skills perspective, we can deliver on the Economic Recovery Plan.