



**CHAMBERS
IRELAND**
IN BUSINESS FOR BUSINESS

Action Plan for Jobs 2017

Chambers Ireland is the largest business network in the State. With members in every geographic region and economic sector in Ireland, we are well positioned to understand the concerns of Irish businesses and represent their views. Chambers Ireland welcomes the work of the Department of Jobs, Enterprise and Innovation. We are pleased to have the opportunity to inform this consultation process on the Action Plan for Jobs 2017 and look forward to further engagement with the Department in the future.

SME Training to Enhance Productivity

The relatively low productivity of Irish SMEs is an area of in need of specific action. Human capital and the relevance of the skills of the work force are essential for increasing labour productivity. The National Competitiveness Council highlights that *“Training and upskilling of talent is associated with large increases in both productivity and output. From a national competitiveness perspective it is critical that industrial development and skills policies are adequately aligned and that labour/skills mismatches in the labour market are minimised. Issues relating to labour force participation and participation in lifelong learning also need to be addressed urgently to support competitiveness.”*

The NCCs analysis highlights the importance of innovation as a source of growth. While Ireland’s overall innovation performance has improved in recent years, it lags behind innovation leaders such as Denmark, Finland, Germany and Sweden.

While we recognise the commitment in previous APJs to increase funding for client companies of State Agencies, we believe that a broader training and awareness programme needs to be implemented to encourage SMEs to undertake training. In Belgium, the training voucher, initially intended for small companies only, is now available to all companies with fewer than 250 workers. The cost of one training hour is subsidised by 50%. The company can choose different certified training centres and pay them directly using the voucher. In parts of Germany, this is limited to a maximum of €500.

Youth Unemployment

The latest employment figures released by the CSO (30 August 2016) showed that progress has been made in reducing the youth unemployment rate which is currently 17.1%. The peak unemployment rate among those aged 15-24 reached 31% at the height of the economic crisis in 2012. In spite of this positive reduction the rate remains twice as high compared to the wider national unemployment rate of 8.3%. Youth employment is a

European wide problem, with recent figures showing that in the euro zone area one in six people aged between 20 and 24 are not in employment, education or training (NEET).

The National Skills Strategy has committed to increasing the scope and availability of apprenticeships and now is the time for Government to work with business to ensure that this happens for the benefit of our young people and to close the skills gaps that threaten our reputation as a highly skilled economy.

Programmes such as Momentum offer the longer term unemployed the supports necessary to develop the fundamental skills necessary for entering the workforce. These initiatives need to be appropriately targeted and focused on the lower end of the NFQ. The primary purpose should be to get young people workplace ready. Employers also have a role to play. The Youth Activation Charter is a welcome step, but there is scope and a willingness amongst the business community to do more. The various strands in supporting youth unemployment should be grouped together under APJ 2017 and branded and marketed as such. This could potentially be under the Pact4Youth banner or similar.

Coordinate and Review Local Economic Development Strategies

Local Government reform and 'Putting People First' has enhanced the role of Local Authorities and Local Government in local economic development. Economic development functions of Local Authorities now include:

- Regional Spatial and Economic Strategies, to which other agencies must contribute and adhere;
- a stronger and more explicit direct role for local authorities in promoting economic development, more clearly specified in legislation;
- ensuring that all local authorities focus their general functions and services proactively towards supporting enterprise and economic development, including actions under the Local Government Sectoral Strategy of the Government's Action Plan for Jobs, Supporting Economic Recovery and Jobs – Locally;
- leading and mobilising economic development locally in conjunction with relevant agencies;
- drawing up local economic development plans in conjunction with the overall City/County Development Plan. The economic development role will be supported by a dedicated Strategic Policy Committee (SPC) in each local authority and in many cases, a specific Director of Services for Economic Development

Given the importance of this role for generating and supporting employment, we believe a specific action point in the APJ 2017 should be to monitor and review the effectiveness of local economic strategies and identification of best practice. This should be done collaboratively between DJEI and DHPLG.

Town Centre Renewal Scheme

A great deal of focus has been placed on renewing our towns and villages, particularly enhancing the local trading environment. However, even if streetscapes and accessibility are upgraded, it's a reality that many town centre commercial buildings are not fit for purpose

in a modern, competitive retail environment. Many are too small, derelict or unsuitably laid out to be viable for either modern retail or for urban residential use.

Tax breaks could be considered for the re-purposing, renovation, consolidation or demolition and replacement of empty and derelict town centre buildings, with a view to getting them occupied by quality long term tenants and improving the experience, vibrancy and footfall in town centres. This initiative should be focused specifically on town centres that have been identified as playing an important role in the future economic development of an area based on Local Economic and Community Plans.

The Living City Initiative is a scheme of property tax incentives which applies in certain 'special regeneration areas' in the centres of Dublin, Cork, Limerick, Galway, Waterford and Kilkenny. These areas have been designated by Order of the Minister for Finance. The scheme provides for tax relief for qualifying expenditure incurred on both residential and certain commercial refurbishment and conversion work that is carried out during the qualifying period.

We believe it is worth investigating as part of APJ 2017 and the Retail Consultation Forum whether a version of this initiative could be extended to encompass town centre renewal schemes to repurpose currently unviable premises.

Export Working Capital Guarantee for SMEs.

Increasing the number of indigenous SMEs exporting will enhance the job creation potential across a range of sectors. By offering increased support to access new customers overseas the Action Plan for Jobs can help protect jobs in export based industries which are exposed to UK market and face uncertainty and risks from the recent Brexit referendum result.

Chambers Ireland proposes that the Plan target is SME exporters who have reached the limit of their banking facilities but require additional trade finance or working capital to process new orders or service new clients. Post-Brexit, there is an increased imperative to support SME exporters to expand to new markets, as accessing UK market will become more challenging. The State supported scheme would provide banks with a guarantee for providing working capital to small businesses for the purpose of supporting exports. Examples amongst OECD countries include Australia, Canada, and Denmark. The SBCI could provide the facility through existing channels with on-lenders and retail banks.