

**“Ireland must focus on education and skills development to progress” - Forfás**

**Launch of Forfás Annual Report 2006**

Investment in our people and in our education system will be essential to Ireland's growth," commented Martin Cronin, Chief Executive, Forfás at the launch of the agency's *Annual Report 2006*, today (Thursday 28 June).

"1.43 million people who are currently in the workforce will still be working in 2020, but the Irish labour market will be different then. We may be doing different jobs, we may be working in different sectors, and today's junior infants, who will be doing their leaving certificate in 2020, may have career choices very different from those of today's leaving cert students. The success of firms and the economy in the years ahead will hinge on knowledge and the people who disseminate, adapt and use data, insights, intuition and experience to create value."

"The National Skills Strategy outlines the employee up-skilling and retraining needs of the workforce to 2020 and the measures required to bring people up the qualifications ladder," said Cronin.

"The National Skills Strategy highlights the need to increase the level of in-employment training. An additional 500,000 people within the workforce need to be upskilled over the period to 2020 through education and training, 300,000 of whom do not currently possess a leaving certificate. It also highlighted the importance of ensuring that the number graduating from our education system at all levels reaches its full potential. We will need to maximise the contribution of our entire workforce by addressing the skill needs of our immigrant population and those re-entering employment," he continued.

"We must ensure that we do not have too many people with lower level skills who will not be able to access employment opportunities and too few people with high level skills to avail of the opportunities available to them. The challenge that faces Ireland is to make sure that our skills continue to be one of our key competitive advantages, and it is a formidable challenge."

"We can rise to this challenge with the proactive involvement of employers, individuals and Government, together with education providers and thereby ensure that Ireland continues to compete with the strongest economic performers," concluded Cronin.

## Statistical Overview

Forfás collects and analyses a range of data including expenditures by agency-supported firms, performance in R&D and innovation and our development as a knowledge economy. This data is available in full in *Annual Report 2006*.

### Expenditure by Agency-Supported Firms

In 2005 overall output of agency-assisted firms in manufacturing and internationally traded services increased by 5.2% (in nominal terms), while direct expenditure in the economy increased by 1.5%. Direct expenditure totalled €34.2 billion made up of payroll costs (€11.3 billion), Irish raw materials (€13.2 billion) and expenditure on Irish services (€9.7 billion).

### Corporation tax payments

Total corporation tax yield from all sources was €5.5 billion in 2005, a slight increase in real terms on the previous year. It is estimated that agency-supported firms accounted for €3.0 billion (55%) of the total corporation tax paid in the economy.

### Employment

Total full time employment in companies under the remit of IDA Ireland, Enterprise Ireland, Shannon Development and Údarás na Gaeltachta amounted to 305,062 in 2006 an increase of 5,927 on the previous year. There are now 43,289 more people employed in agency assisted manufacturing and internationally-traded services companies than in 1997.

### Expenditure on Research and Development

Total expenditure on research and development continued to climb strongly in 2006, rising to an estimated €2.33 billion in 2006, with annual spending growth quickening to 14.3%.

### Business Expenditure on Research and Development (BERD)

R&D performed by the business sector rose to €1.33 billion in 2005 and is expected to have risen to €1.56 billion in 2006, the strongest rate of expansion since 1996.

### Research and Development in the Higher Education Sector (HERD)

Expenditure on R&D performed in the higher education sector continued to grow in 2006. HERD is expected to have increased to around €600 million in 2006, the sixth straight year of strong R&D spending growth. Increased funding for third-level R&D activities from Science Foundation Ireland, the Programme for Research in Third Level Institutions, Enterprise Ireland, and other public sector funding agencies boosted R&D performance in the year.

### Government Expenditure on R&D

R&D performed in the government sector rose to €159 million in 2006. This figure was boosted by R&D performed in the hospital sector of €22 million.

### Innovation

Ireland performs strongly regarding innovation activity rates compared to other countries. 52.2% of Irish firms were classified as innovation active in 2006.