

The Roles of State and Industry in Addressing the Skills Gap in Ireland

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Mark Deegan mark@dit.ie

Dublin Institute of Technology, Ireland





Abstract

Apprentice Education in Ireland is Industry-Led and directly influenced by economic conditions in the relevant industrial sector, particularly in the Construction Sector. Between 2008 and 2010 the Apprentice Education provision in Ireland contracted by up to 90%. In 2018 there are acute shortages across all sectors, with some sector variation. This paper explores the relationship between skills demands in Industry and Apprentice Employment in those sectors where the demands are most acute.



27 (Statutory Craft) Apprenticeships in Ireland

Aircraft Mechanic

Carpentry & Joinery

Heavy Vehicle Mechanic

Motor Mechanic

Print Media

Industrial Insulation

Wood Manufacturing & Finishing

Brick & Stone Laying

Electrician

Fitter

Plumber

Sheet Metalwork

Vehicle Body Repairs

others...



Examples of Apprenticeships Existing & Proposed

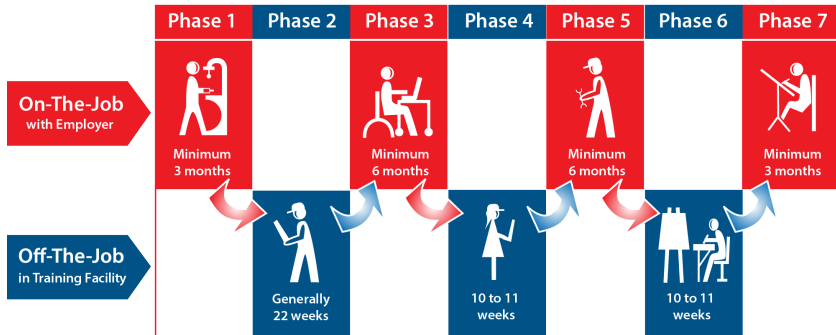
- ▶ Aircraft Mechanic
 - ▶ Leads to EASA License
 - ▶ Includes 1225 contact hours *35weeks * 35hours* in Year 3
 - ▶ 14 Exams
 - ▶ Pass Mark 75%
- ▶ Electrician
 - ▶ PreTax Wage of € 25k p.a.
 - ▶ Graduate Salary of € 45k
 - ▶ Excellent progression prospects
- ▶ Heavy Goods Vehicle Driver (proposed)
 - ▶ Only unemployed need apply
 - ▶ State pays € 50 top-up payment per week, on top of social welfare
 - ▶ Worker officially remains unemployed



A Brief Overview of Apprenticeship in Ireland

- ▶ Statutory Apprenticeships
 - ▶ Tightly Regulated
 - ▶ Limited Number of Trades
 - ▶ Biased Towards Construction Sector
 - ▶ Subject to Minimum Wage Norms and state pays Training allowance when off-the-job
- ▶ New Apprenticeships
 - ▶ Can be in any sector
 - ▶ First step is a *Role Description*
 - ▶ Can be at any level 6 – 10 on NFQ
 - ▶ Less Formally Regulated
 - ▶ Not subject to Minimum Wage Norms and state does not pay Training allowance when off-the-job
 - ▶ Broad Appeal for Employers, Students & Providers

APPRENTICESHIP PHASES





Who Employs Tradespeople in Ireland?

Some figures:

- ▶ **81%** of construction companies employ tradespeople
- ▶ **86%** of construction companies report a skills shortage
- ▶ **29%** of construction companies employ Apprentices
- ▶ ergo **57%** of construction companies do not see a role for themselves in hiring and training the tradespeople they need



Barriers to Hiring Apprentices in Ireland?

- ▶ Discontinuous demand for Trade Work
- ▶ Onerous Legislative Obligations
- ▶ Cost of Direct Employment of Trades
- ▶ Lower Cost of using Sub-Contractors and Agencies
- ▶ Availability of Foreign Labour in the Construction Sector
- ▶ Impact of Emigration on Trades
- ▶ Increased Trade Rates dues to lack of Competition
- ▶ Shortage of Apprentices to Supplement Qualified Tradesmen
- ▶ Cost of Releasing Apprentices to off-the-job phases
- ▶ Lack of Government Incentives for Employers



Barriers to Hiring Apprentices in Ireland?

- ▶ Lack of Available Candidates for Apprenticeships
- ▶ Downsizing of companies due to economic stress
- ▶ Lower costs of using unqualified labour
- ▶ Lower costs of using non-Irish labour
- ▶ Company's ability to train Apprentices
- ▶ Overall Length of Apprenticeships
- ▶ Poor Marketing of Apprenticeships
- ▶ Lack of Government Incentives for Employers



The Employers' Perspective

- ▶ Apprenticeships are Employer-Led
- ▶ Only Approved Employers can hire an Apprentice
- ▶ Employer must be willing to commit to 4 years training
- ▶ Need to make it attractive to hire Apprentices



The Employers' Perspective

- ▶ National Training Fund (NTF) contributions have increased from 0.7% to 1.0% of wage bill
- ▶ New Apprenticeships offer no state-support on off-the-job phases
- ▶ Budget 2014 – introduced registration fees in Phase 4 & 6 for Apprentices
- ▶ Concern of a *Race to the bottom where there is great value in the construction sector*
- ▶ Public Sector Contracts transfer risk to developer
- ▶ There has been a trend in employment from direct employment to Contracting and Sub contracting where employers divest themselves of all personnel risk



The State's Perspective

- ▶ State introduced Apprentice Registration fee of €100 per week for off-the-job phases in 2014
- ▶ Revised Syllabi for all Statutory Apprenticeships
- ▶ Recapitalising Statutory Apprenticeships, €8M p.a.
- ▶ New Apprentice registrations have risen nationally from a low of 1,000 in 2010 to about 3,000 today
- ▶ ergo: State collects approx €3M p.a. in registration fees from Apprentices
- ▶ State pays approx €5k p.a. per apprentice in tuition fees to providers



Skills Gap becomes Skills Loss

- ▶ As the skills gap continues, we are losing the mature, qualified, skilled tradespeople
- ▶ Following generations have no teachers
- ▶ Craft Trades cannot be taught solely in the classroom
- ▶ Need to engage the employers to hire and train Apprentices
- ▶ We need to address the stereotype that Apprenticeship is for the academically weak
- ▶ Need to engage parents and teachers to remove the mantle of academic snobbery



Any Questions?

Mark Deegan mark@dit.ie
Dublin Institute of Technology, Ireland