



Opening Statement to the Oireachtas Joint Committee on Joint
Committee on Business, Enterprise and Innovation
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Introduction

I wish to thank the Joint Committee for the opportunity to address you on a critical issue for employers. Given the strong performance of the Irish economy, high employment demand has given rise to skills and labour shortages. The policy challenge now is to minimise these shortages by developing a suite of interventions which respond swiftly to emerging and future skills. Therefore, it is appropriate that you have asked us to comment on how apprenticeships and the issuing of work permits are used to address skills gaps. I am joined today by Una Fitzpatrick, Director, Technology Ireland, Sinead Keogh, Director, Medtech and Engineering and Claire McGee, Ibec's Senior Innovation and Education Executive, who all bring specific insights to these issues.

Apprenticeships

Firstly, I wish to focus on apprenticeships, which have become the subject of significant political attention, both in Ireland and internationally. It is over six years since Ibec was invited to participate on the then Government's Review of Apprenticeship Training in Ireland. At the time, it was felt that the apprenticeship system, which was limited to 26 craft-based occupations, did not reflect the broad skill needs of the Irish economy. The Review suggested a new model of business-led apprenticeships that could boost skill levels across the economy and help to get people into quality, sustainable jobs.

Companies would be involved in both the design of curricula and in the delivery of the on-the-job element of programmes, some of which could extend up to higher degree level. This would ensure the continuing relevance of qualifications in a rapidly changing labour market. The new apprenticeships could offer a real

alternative to ambitious and capable young people, who may be looking for alternatives to direct entry from school to higher education, and would be interested in an 'earn and learn' model.

A lot of hard work has been put into a project to turn this aspiration into a reality. Some of us have been frustrated at the speed at which the new apprenticeships have come on the stream. But, in retrospect, this probably should not be a surprise.

The starting point for any consideration of new apprenticeship models usually includes a reference to the well-established dual systems of countries such as Austria, Germany and Switzerland. Much of the commentary, however, tends to ignore the fact that Ireland cannot simply adopt systems that have been built over generations, upon very different economies, labour markets and social partnership arrangements. We also have to acknowledge the reality that apprenticeships, and vocational education in general, tend not to enjoy parity of esteem in a society that tends to define educational achievement in terms of CAO points and entry to higher education.

This is not to say that we do not have much to learn from other national systems. In fact the apprenticeship review group report tried to distil some of the principles on which they are based to inform a model that could work in an Irish context. And we should remember apprenticeships are a distinct model of education. They are not internships or traineeships. They are a deep and academically accredited learning experience in preparation for a specific occupation.

I also believe that the new apprenticeship project is gaining some momentum.

The Action Plan to expand Apprenticeships and Traineeships 2016-2020 sets ambitious, but achievable, targets for the introduction of 40 new programmes and a cumulative total of 33,000 new apprenticeship registrations by 2020. Almost 20 new programmes, in areas such as accountancy, ICT, insurance, international financial services, manufacturing and biopharma, have come on

stream. You will have an opportunity to hear in more detail about some of these apprenticeships from my colleagues.

Work permits

I now wish to turn to the subject of work permits.

When we are discussing work permits, it is important to differentiate between labour and skills shortages. Labour shortage refers to a situation in which there is a shortage of individuals willing or available to take up employment opportunities. Skills shortage refers to a situation in which there is a shortage or an insufficient number of trained/qualified individuals in the domestic market to meet the demand.

In the main, the Irish employment permits system responds relatively well to labour market shortages and surpluses. The mix of permit types, criteria and duration have served us well over the last number of years drawing on market intelligence from the Expert Group for Future Skills Needs (EGFSN), the SOLAS Skills and Labour Market Research Unit (SLMRU), the National Skills Council and general employer engagement. This is supported by EU-level analysis which shows that Ireland leads most EU member states in terms of developing labour migration policy that is linked with labour market intelligence, connecting almost all employment permits to identified labour market gaps.

However, as we move towards full employment, the ability to enable future growth potential depends on how well we address labour shortages and respond to shifts brought about by the changing economic conditions facing different sectors. Therefore, we welcome some of the recommendations made by the Interdepartmental Review of Economic Migration Policy such as new measures to attract foreign nationals who have relevant experience in areas such as ICT, but may not have the required academic qualification.

The number of employment permits has been increasing in recent years with over 9,000 new permits issued in 2017. The IT and health and welfare sectors combined accounted for three quarters of all new permits issued. Nine of the top

20 companies for which employment permits were issued were technology companies. The other 11 were healthcare organisations. New permits were primarily issued for professional occupations with two thirds of all new permits issued for the Dublin region.

As I said earlier, the current system performs well in general. The Highly Skilled Occupational List is reviewed on a timely basis and engages well with the labour market intelligence. At an operational level, however, there can be challenges around transitioning from the Critical Skills Work Permit after two years to the Stamp 4 permission to work. While the Department of Business, Enterprise and Innovation provides a letter for the individual after 21 months of employment, there can be problems receiving the Stamp in a timely fashion. Greater collaboration between the Department and GNIB/INIS is needed to ensure that after investing in these highly skilled employees, we do not lose this talent due to unnecessarily bureaucratic procedures or disconnection between government services.

Work needs to be done to ensure a cohesive interdepartmental approach to work permits and visas as delays in this area are becoming a significant issue, not only for day to day applications but also within the Trusted Partner initiative. My colleague from Technology Ireland will be able to provide some practical examples of the issues encountered by her member companies in this regard.

Once again, I thank the committee for this opportunity and look forward to answering your questions.