

CONSTRUCTION INDUSTRY FEDERATION

Opening Statement to Oireachtas Joint Committee on Education & Skills

Date: 16th May 2017

Subject: Apprenticeships & Training for the Construction Sector

Thank you for this opportunity to outline our views on apprenticeships in the construction sector.

I'd like to take a few minutes to provide some context with respect the changing face of employment in the construction industry as Ireland faces the challenge of generating the 112,000 additional employees required up to 2020 to deliver the targets set out in both the housing strategy and the public capital programme.

Let me just discuss this challenge for a moment.

- Rebuilding Ireland sets a target of 25,000 annual housing output by 2021,
- The Public Capital Programme outlines €43billion in activity including road, rail, water, broadband up to 2021.

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- The Government has committed to delivering 47,000 social housing units up to 2021.
- Based on these targets, DKM & SOLAS Labour Market Research Unit (SLMRU) predicts that the sector will require 112,000 additional skilled people up to 2020 to deliver this. This figure includes replacing the 36,000 people will retire from the industry.

That's an enormous challenge.

We're here today with a very clear warning: there is an urgent need for Government and industry to collaborate in attracting more people into the industry and to invest in construction skills training.

The alternative is that we will fail to meet these targets, our housing crisis will continue and our infrastructure deficit will stall economic progress.

This is a huge threat to Ireland Inc and the long-term capacity of the industry.

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We need to address this by attracting people into the industry from the live register, through the education system and from those with construction experience in the Diaspora and by upskilling those in the industry.

We also need to begin to address the apprenticeship system to ensure we have a steady stream of skilled employees to sustain the construction activity our economy and society requires.

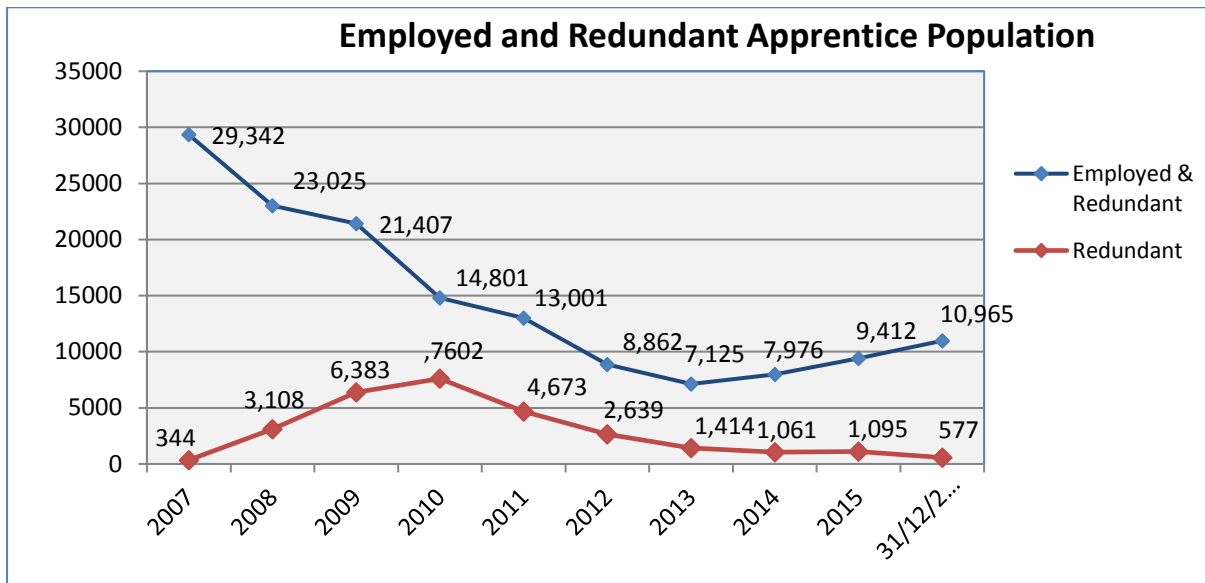
The industry is hiring 1000 additional employees a month since 2013 and by 2020 if we achieve our targets we will have over 200,000 people working in the industry. (plus 80,000 indirect jobs)

So it's against this pressing demand that we have to examine apprenticeships and skills in the industry.

The first key point to articulate is that the construction sector has been the principal industry sector in Ireland for employment of apprentices.

At its height, the sector employed nearly 27,000 (92%) apprentices. Following the decline of the economy from 2008 onwards, this number fell to a low of circa 7000 in 2013.

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The graph indicates the collapse of apprenticeship registrations from 2007 to 2013 and therefore the resulting skills gap that has been created.

The extent of the collapse in registrations is more specifically highlighted in the chart below outlining the difference in registrations in the “wet trades” between 2006 and 2016:

Apprenticeship Registration to “Wet Trades”

Trade	2006	2016
Brick & Stone laying	679	52
Floor & Wall Tiling	43	0
Painting & Decorating	161	27
Plastering	310	18

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In the context of the need to ramp up residential construction to meet current and rising housing needs, the figures outlined point to a major concern regarding the ability to deliver the emerging needs of the State.

Particularly, as the residential sector is labour intensive and requires a high level of input from the wet trades.

Urgent and innovative thinking is required to address this skills need in the short-term in addition to increasing apprenticeships in the medium term.

The CIF commissioned DKM Economic Consultants to develop a skills demand forecast in conjunction with SOLAS Labour Market Research Unit (SLMRU).

The extract below highlights forecast demand across existing employment categories within construction.

TABLE 5.2: FORECAST OF DIRECT EMPLOYMENT TO 2020 FOR CONSTRUCTION OCCUPATIONS IN THE CONSTRUCTION INDUSTRY

	2007 Actual	2015 Forecast	2020 Forecast	2015- 2020 change	2015- 2020 % change	2007- 2020 change	2007- 2020 % change
Managers (1)	7,600	9,000	9,600	600	7%	2,000	26%
Professionals and Associate Professionals (2)	8,600	7,700	8,700	1,000	13%	100	1%
Skilled craftspersons	122,100	48,900	88,900	40,000	82%	-33,200	-27%
Electricians	23,100	9,700	15,200	5,500	57%	-7,900	-34%
Bricklayers and Masons	14,600	3,200	7,800	4,600	144%	-6,800	-47%
Plumbers, Heating and Ventilating Engineers	15,200	7,800	11,800	4,000	51%	-3,400	-22%
Carpenters and Joiners	37,400	15,500	30,800	15,300	99%	-6,600	-18%
Plasterers, Floor and Wall Tilers	19,900	5,500	13,900	8,400	153%	-6,000	-30%
Painters and Decorators	11,900	7,200	9,400	2,200	31%	-2,500	-21%
Other Construction Trades (3)	11,900	4,900	9,900	5,000	102%	-2,000	-17%
Other Trades (4)	28,100	13,500	26,900	13,400	99%	1,200	4%
Operatives	20,800	11,700	18,100	6,400	55%	-2,700	-13%
Labourers	42,100	13,100	27,600	14,500	111%	-14,500	-34%
All other occupations	29,000	16,700	23,100	6,400	38%	-6,100	-21%
Total Construction	270,300	125,500	212,700	87,200	69%	-57,600	-21%

This demand indicates that there is a huge opportunity to increase apprenticeships into certain categories.

We are working with SOLAS and others to address issues within the apprenticeship and traineeship system. Intake into the Mechanical & Electrical, Carpentry & Joinery trades are increasing at a reasonable pace – However, the difference between apprenticeship registrations for the wet trades and the projected need indicate an alarming scenario.

Our housebuilding members, particularly outside the Greater Dublin Area are reporting a very fragile recovery. In addition, those housebuilders emerging from recession are in recovery / survival mode.

In addition, the recession has fundamentally changed the nature of employment in the sector rendering these apprenticeships unsuitable for the sector namely;

- The predominance of sub-contracting – therefore much of the work is done by smaller contractors who are not confident enough to take on apprentices.
- The current phase format causes operational difficulties for smaller companies – e.g. phase 2 is 20 weeks – therefore the employer is missing that person for all this period which causes difficulties for small business.
- The costs associated with employment – removal of redundancy rebate / initial training costs with uncertain outcomes for this initial investment.
- The low margins that still exist in the sector

Apprenticeships are critically important and valuable to the construction industry, so we are highly motivated to have a thriving model. To examine how apprenticeships can be made more relevant and attractive in the changed environment in the industry, we have commissioned Dublin Institute of Technology (DIT) to carry out research into the barriers to entry

into apprenticeships. We will feed the results of this research into SOLAS with a view to addressing this issue.

In advance of this research: there are two potential solutions we would like to comment on:

- Promoting apprenticeships as a valid path to a fulfilling career in construction
- Particular issues with the wet trades

Our experience has shown;

- Apprenticeships are poorly regarded amongst the public – the reporting of school league tables lauds those schools with 100% of students going on to University – even though drop-out rates are very high in 1st year (up to 70%).
- Apprenticeships are poorly promoted at second level.
- There is a lack of understanding of career progression opportunities for Apprentices
- Apprenticeships have been predominately construction focussed, and the fear of a boom and bust economic cycle impacts on registrations
- Lack of choice of apprenticeships limits entry – i.e. if you are not interested in construction, motor mechanics or printing, then there is no route available. We accept that this is being addressed.

Therefore, what is required at this point is a promotional campaign to raise the awareness of the career potential of the apprenticeship route as was suggested in the 2013 Report – *“Review of Apprenticeship Training in Ireland. Dec 2013”*.

We are actively supporting SOLAS in the delivery of such a programme in the coming months.

The CIF also believes that Government and industry should also embark on a construction careers campaign to promote careers in the industry targeted at young people and those in the Diaspora. The industry’s attractiveness as a career destination must be highlighted through a targeted awareness campaign.

In relation to the Wet Trades, we believe radical intervention is required to increase the registration numbers particularly if the emerging needs of the economy are to be met.

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We have been a supporter of the “employer led” nature of Apprenticeships.

However, the business model of employers in this sector has fundamentally changed so we propose that:

- A “non-sponsored” route into the wet trades for a limited time - i.e.- a scheme where apprentices are taken directly into training centre for 2 phases of the apprenticeship then they are taken on by employers once they have gained some skill
- Re introducing “day release” for these specific trades where small employers could release the apprentice 1 day a week rather than the current system which takes the apprentice away for up to 20 weeks at a time.

Finally, by 2013, the CIF was forecasting recovery in the construction industry and that we needed to be proactive to address the skills needs of the sector.

To this end, the CIF’s Manpower Education & Training Committee developed initiatives to ensure adequate talent was available to the sector including:

- Engaging with the Careers Guidance Counsellors (Institute of Guidance Counsellors)
- Launching www.apprentices.ie

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- Revising the Grad Ireland construction careers booklet to include apprentices
- Engaging with schools nationally to promote entry
- Engaging with the Techno Teachers Association to promote entry
- Engaging with Waterford Wexford ETB and Solas to run a pilot Apprentice Sharing Scheme
- Companies such as Castle Ceilings, Errigal Contracting and Designer Group have invested heavily in development of training academies to develop in-house skills.

Apprentice Registrations by Trade and Family of Trade December 2015 v December 2016

Trade	Annual Forecast 2016	Registrations as at 31 st Dec. 2015	Registrations as at 31 st Dec. 2016	Variance %
CONSTRUCTION				
Brick & Stonelaying	65	26	52	100%
Carpentry & Joinery	425	201	399	57%
Floor & Wall Tiling	0	0	0	0%
Painting & Decorating	25	19	27	42%
Pipefitting	50	57	35	-11%
Plastering	25	7	18	157%
Plumbing	370	289	345	19%
Stonecutting & Stonemasonry	14	13	2	-85%
Wood Manufacturing & Finishing	35	48	71	48%
Total:	989	730	947	30%
Other Trades				
Aircraft Mechanics	40	34	39	15%
Electrical	990	956	1,343	40%
Electrical Instrumentation	60	83	106	28%
Electronic Security Systems	20	28	28	0%
Instrumentation	14	8	10	25%
Refrigeration & Air Conditioning	70	75	79	5%
Total:	1,194	1,184	1,605	36%

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However, all these measures are incremental and in the face of a demand of 112,000 additional employees over the next three years, a quantum shift in support for the apprenticeship model and more collaboration between our industry and the relevant State bodies.

A high level implementation framework for the Action Plan for Apprentices must be put in place involving all stakeholders.

Thank You.