



Opening Statement to the Oireachtas Joint Committee on Joint
Committee on Education and Skills
November 20th, 2018

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I wish to thank the Joint Committee for the opportunity to address you on the uptake of apprenticeships and traineeships.

While I understand that the Committee is concerned about uptake and the reputation of apprenticeships amongst young people and their families, the main focus of my opening remarks is the take-up of apprenticeships by employers. Employer buy-in is critical, as the apprenticeship and traineeship models depend on employers taking on apprentices.

I don't underestimate the challenge of shifting attitudes in a society that still defines educational achievement in terms of CAO points and direct entry to higher education. However, I am convinced that if we could offer real alternatives to ambitious and capable young people and, most critically, real progression opportunities up to advanced degree level through apprenticeships, attitudes could be changed. Apprenticeships would no longer be the second-best option

It is almost 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.

A lot of effort has been put into the new apprenticeships project to turn this aspiration into a reality. Ibec has, at times, 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. This is a major shift for businesses, in how they recruit and train people, and for the education system, in how it delivers programmes.

We have submitted a detailed submission to committee members on how we think that the number of new apprentice registrations could be significantly increased. As you heard at last week's Committee meeting, registrations are a year behind schedule in terms of the targets set out by the Action Plan to expand Apprenticeships and Traineeships 2016-2020. The recommendations can be grouped around three main themes

- Marketing
- Support for employers hiring apprentices
- Governance and streamlining the new apprenticeship approval process

The Generation Apprenticeship campaign has already made significant progress in raising the profile of apprenticeships with key stakeholders such as guidance counsellors, learners, business and the media. However, a targeted campaign on the 'value proposition' of apprenticeships for firms is needed. SMEs and owner managers are a particularly difficult business segment to address in terms of expanding take-up. They tend to be time poor, have limited numbers of staff to support apprentices and may not even be aware of how the potential talent delivered by through apprenticeship system could improve their business

A major obstacle to the expansion of new apprenticeships, particularly amongst SMEs, is cost. There is strong evidence that the cost of paying a salary and subsistence while the apprenticeship is off-the-job has become a major disincentive. Our submission includes a case study which demonstrates that the total cost of a newly recruited apprentice manufacturing engineer is about €90k. Therefore we believe that the cost of funding new apprenticeship off-the-job wages, plus travel and subsistence costs where necessary, should be supported through the National Training Fund. This would also address the anomaly

whereby similar costs for traditional craft apprenticeships **are** subvented.

I now wish to address the issue of governance and streamlining the apprenticeship approval proces. The landscape around the development and promotion of apprenticeships is extremely fragmented with multiple actors. These include the Department of Education and Skills, the Higher Education Authority, Quality and Quality Assurance Ireland, two apprenticeship advisory committees, education and training boards, higher education institutions, industry groups and trade unions. This can lead to disconnections and delays. And we believe that time has now come to consolidate these different elements into a dedicated agency, working with business consortia and education providers, to oversee the funding, development and promotion of apprenticeships.

The new apprenticeship project has been developed under the legal framework of the Industrial Training Act 1967. At one level, it is testimony to amount of the goodwill that exists towards the apprenticeship project in the system that new apprenticeships have been delivered through a 40 year old legal framework that was designed for a different industrial era.

All the legal requirements in the 1967 Act around, protections, rights and responsibilities of apprentices and employers are still valid. However other requirements have made the development of new apprenticeships and registering of new companies a bureaucratic process. This can be seen in the 12 steps that are required to gain approval for the development of an occupation apprenticeships. The Government's plan included a commitment to an overall development to rollout of 12-15 months. This has not been achieved and in some instances, proposals that were approved after the first call in January 2015 have not come on stream.

There is a major challenge around keeping companies, who originally expressed interest in the apprenticeship project, engaged. Given the constantly changing business environment and skills requirement, the system needs to respond more swiftly.

I wish to conclude by acknowledging the progress that has been made and stating that business remains firmly committed to the apprenticeship project. It **is** gaining some momentum. And if we address some of these outstanding issues, it can be significantly scaled up, deliver new opportunities for young people and improve the competitiveness of Irish business.

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