

# CONSTRUCTION INDUSTRY FEDERATION

13<sup>th</sup> April 2017

Construction Industry Federation (CIF) Response To:

Proposed Exchequer – Employer Investment Mechanism for Higher Education and Further Education & Training

## Overview

In general, investment in training is welcome and CIF support efforts to improve delivery and availability of quality training. However, it is our interpretation that the main driver behind this proposal is not to invest in skills and training but to support the exchequer in funding the Department of Education and Skills (DES) generally.

The reasoning presented in this paper for an increase in the employer contribution to the National Training Fund (NTF) is unconvincing. The paper clearly states that skills needs investment is dependent on the surplus of the NTF after its use in supporting the DES expenditure ceiling.

Therefore, it would be strongly recommended that the Government is encouraged to invest more money from the current NTF in the development of skills needs of industry and the establishment of training courses in response to industry requirements at a pace required by industry.

The suggestion as to the limitation of the fund meeting current expenditure levels is questionable. We know that with increased employment and economic growth there is a lower educational uptake. Therefore, it not clear why the necessity to increase the employer contribution to NTF given that less persons will require training support as the economy approaches full employment. Indeed, this consultation paper notes that receipts from the NTF have increased steadily, since 2012, due to increased employment levels. At this point and taking cognisance of ESRI predictions on levels of employment, we can presume that this trend will continue.

As an employer representative body, we agree that Ireland's economy will remain competitive if future levels of productivity and labour force participation are high. However, no indication as to investment in a knowledge economy is made. Further investment in education and training and measures such as the expansion of apprenticeship as a mechanism of education have not delivered. It is unjustified to suggest future difficulties until such investment has been realised.

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Additionally, Ireland's education landscape could be brought into closer alignment to that of Europe's in terms of Vocational Education provision, a measure worthy of NTF investment and commendable in terms of meeting societal needs, reducing the national level of NEETs and targeting full employment.

While it is commendable of Government to engage in macroprudential activity, it is not pre-empting the correct determinants of economic duress in the arguments presented in this proposal.

For example, though the EGFSN has stated that a skills shortage exists, it should be noted that many such shortages are due in part to the increased levels of emigration during the recent recession. However, Ireland has recorded net inward migration for the first time since 2009 and this increase in the arrival of skilled labour should be factored into future growth potential.

## Response to Question 1

No, it is not an appropriate response if the level of investment in education and training is not increased above the level which the government regards as surplus. The funding of the DES should not be propped up by the NTF. Since its origins as the Apprentice Levy, the NTF was intended to support investment in quality provision of training and education. Employers will see an increase in the NTF as another taxation measure without tangible benefits and a burden on competitiveness.

## Response to Question 2

As above, employers will resent another financial burden on employment. Given that the recent "New Apprenticeship" expansion places all the cost of the delivery on the employer, it would be unreasonable to suggest that employers make additional contributions. We question if the proposed increases are warranted at a time of growth in the economy.

## Response to Questions 3 and 4

The SLMRU and EGFSN already carry out regular detailed analyses of skills needs requirements nationally and sectorally. Data such as this should be used to inform a new national strategic labour market task force with responsibility for implementing training programmes and funding based on measures capable of responding to labour market requirements such as the past Labour Market Activation scheme.

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## Response to Question 5

The current manner of development of labour market ready personnel is outdated – i.e. it is largely skewed towards a University award and therefore academic qualifications were ranked more favourably than experience and job focussed training. Consequently, vocational programmes were reserved for those deemed to be less academic, much to their detriment.

Ireland must engage in innovative educational delivery including the adoption of previously believed lower forms of educational mechanisms such as apprenticeships / traineeships. Through blended learning, talent in education and industry can be enhanced.

## Response to Question 6

The construction industry in Ireland has already recorded skills gaps (*Demand for Skills in Construction to 2020- Oct 2016*) at craft and trade levels such as that seen in the collapse of the Floor and Wall Tiling trade. Wet trades generally are in danger of imminent demise should investment in craft skills not be delivered. Construction industry output is growing and the requirement for skilled tradesmen exists currently. New FET approaches to address the shortfall in skills is recommended.

Similarly, there is a significant shortfall in construction professionals currently in Ireland. It would be recommended to engage the relevant employers in new modes of training such as apprenticeship models for the development of skilled personnel immediately rather than wait for degree graduates to be ready at a later date.

## Response to Question 7

As above, the key to delivering real skills and satisfying the requirements of industry is in vocational educational methods. Ireland needs to encourage an adoption of educational pathways which are partnerships between government, educational establishments and employers. In Europe, VET is accepted as a valid manner in which to meet educational needs and is less susceptible to academic snobbery. Ireland should endeavour to adopt such an approach now. It is not necessary to attempt to implement a Germanic apprenticeship system on Ireland. Such measures are nonsensical given the disparity between our respective second level education systems. Instead, Government's expansion of apprenticeship, which has proven successful thus far, should be endorsed by employers and embraced by society as a measure with which to train our future human capital and deliver a more competent and competitive knowledge society.

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