



PROGRAMME FOR NATIONAL RECOVERY

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INTRODUCTION

1. The Government, the ICTU, the FUE, the CII, the CIF, the IFA, Macra na Feirme and the ICOS, conscious of the grave state of our economic and social life, have agreed on this Programme to seek to regenerate our economy and improve the social equity of our society through their combined efforts. The principles that should govern such efforts were set out in the National Economic and Social Council study *A Strategy for Development 1986-1990*

2. The Programme will cover the period to end-1990. It envisages progress being made in that period in four broad areas:

- (i) creation of a fiscal, exchange rate and monetary climate conducive to economic growth;
- (ii) movement towards greater equity and fairness in the tax system;
- (iii) diminishing or removing social inequities in our society; and
- (iv) intensification of practical measures to generate increased job opportunities on a sectoral basis.

3. The new concerted efforts by all interests contained in the Programme will represent a major attempt to overcome the serious obstacles which at present exist to impede economic and social development.

4. The following factors give an indication of the extent of the difficulties which have to be confronted:

- (a) a Gross Domestic Product per capita which is only 64 per cent of the European Community average,
- (b) a National Debt of over £25 billion which is equivalent to more than one and one-half times of our Gross National Product and the servicing of which consumes annually one-third of Exchequer tax revenue,
- (c) an Exchequer borrowing requirement of 10.7 per cent of Gross National Product in 1987 to finance both current and capital expenditure. This is among the highest budgetary deficits in the European Community,
- (d) high nominal and real interest rates which are a barrier to investment,
- (e) an unemployment rate of 18.5 per cent of the work-force amounting to 242,000 persons, of whom 73,000 are under 25 years of age. This is one of the highest rates of unemployment in the European Community,
- (f) employment in agriculture which continues to decline steadily at a rate almost twice the European Community average,
- (g) net emigration estimated currently at close to 30,000 and which is equivalent to the natural increase in the population, and
- (h) no overall growth in the volume of investment in equipment over the past 5 years compared with an increase of 20 per cent in the European Community.

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5. Central **to our efforts to** achieve our **full economic and social potential will** be better **utilisation** of our **resources. human and natural, and the fullest application** of science **and** technology.

Section I

EUROPEAN COMMUNITY DIMENSION

1. The Programme is based on the fullest participation by Ireland in the international economy and in the European Community.
2. While membership of the Community has brought great economic benefits to Ireland, the Community's recent difficulties, as economic growth slackened and as growing agricultural surpluses put pressure on the Common Agricultural Policy, have had adverse effects on Ireland.
3. Ireland has always supported successive steps towards closer economic integration in the Community, as exemplified by our full participation in the European Monetary System and our support for convening the Inter-Governmental Conference that led to the Single European Act. The Government are committed to the objectives of the Single Act to perfect the Common Market, to narrow the disparities in economic development and living standards within the Community and to strengthen Europe's capacity in science and technology. We welcome the proposals from the Commission known as "the Delors Plan" to achieve these objectives. We are anxious that Ireland should play the fullest part possible in the completion of the internal market, subject to full account being taken of the possible serious difficulties for our economy from an insensitive application of some of the proposals involved and, also, of course, to market-opening measures being matched by more effective Community action to achieve greater economic and social cohesion.
4. The areas of Community policy likely to be of greatest concern to us are:
 - (i) provision of adequate own resources for the Community, with effect from 1 January, 1988, on the basis of a reformed financing system in which Member States' contributions will be more proportional to their relative prosperity; we fully support the Commission proposals that the ceiling for own resources in 1992 be set at 1.4 per cent of GNP and for creation of a new, GNP-related 'Fourth Resource';
 - (ii) ensuring that Community action to narrow regional disparities in levels of development and living standards, through the Structural Funds and through operation of the Community's policies generally becomes more effective; we support the Commission proposals that the Structural Funds be doubled, in real terms, by 1992 and that intervention rates be differentiated by reference to the relative seriousness of regional problems and Member States' capacity to finance the necessary measures; we agree with the principle of greater geographical concentration of the Funds on the less-developed regions, a principle which must be translated into practical effect through effective measures to that end;

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- (iii) ensuring that the detailed features of the system of budget discipline, the need for which is accepted, do not impede the effective operation of the CAP or negative the utility of increases in own resources and in the Structural Funds in the achievement of greater economic and social cohesion;
 - (iv) ensuring that the CAP continues to operate as an effective policy, providing a fair standard of living for family and smaller farms and that further measures of reform are differentiated as necessary to attain that objective and do not undermine the Community nature of the policy;
 - (v) ensuring that the liberalisation of capital movements in the Community is effected in a way that respects the development needs of the Irish economy;
 - (vi) ensuring that the Commission proposals for approximation of indirect taxation respect our overriding need to restore order to the public finances, the consequential need to maintain Government revenues and the objectives of tax reform;
 - (vii) ensuring that progress in the completion of the internal market improves market opportunities and investment prospects for smaller Member States and is paralleled by effective Community action to narrow regional disparities;
 - (viii) ensuring that the Commission policies, including new policies being developed in such areas as science and technology, educational exchanges, financial engineering and protection of the environment are supportive of Ireland's economic development programme; 2nd
 - (ix) ensuring that the co-ordination of economic policies within the Community leads to a faster rate of economic growth in the Community as a whole and thus to a significant impact on the unacceptably high current levels of unemployment.

Section II

MACROECONOMIC POLICIES

1. A fiscal policy which faces the financial realities is the key to putting the economy **back** on the path to long-term sustained economic growth. The situation that has been developing in recent years in which the National Debt and its servicing have been growing out of proportion to our ability to sustain them will be ended. The National Debt/Gross National Product ratio will be stabilised in the course of the Programme.
2. This **will** involve reducing the Exchequer borrowing requirement to between 5 **per** cent and 7 per cent of GNP, depending on developments in economic growth and interest rates. To that end, the measures taken by the Government to control and curtail public expenditure will be continued. The Programme **will** also contribute to that objective in *so far* as it increases economic activity, reduces interest rates and stimulates new employment.
3. **As part** of public expenditure control, the measures already taken to improve management of the National Debt will be pursued.
4. Reduced Exchequer borrowing **will** have a beneficial effect on interest rates and help to stimulate new investment and economic growth.
5. A low inflation rate is also essential for increased competitiveness and economic viability during the Programme and **all** interests are concerned to ensure this.
6. The exchange rate will be firmly linked to the European Monetary System **so as** to bring about greater cohesion of our interest rates with the EMS average and to promote investor confidence and inhibit speculative capital movements.
7. Monetary policy will be determined by the need to bring about the lowest possible interest rates consistent with international developments and exchange rate policy.
8. An appropriate pattern of pay developments has an essential part to play in the success of this Programme. Lower income taxation and a low level of inflation can help to bring about more moderate **pay** expectations. It is for this reason that the Government as **part** of tax reform under the Programme intend to make the income tax reductions outlined in Section III.
9. Against this background it is agreed that pay increases can be provided at a level not exceeding 2.5 per cent in each of the years 1988, 1989 and 1990. It is also agreed that special consideration should be given within this overall increase to lower paid workers. It is further agreed that discussions will take place at national level between the Government, the FUE, the CIF and the ICTU on a general framework within which the issue of working hours can be dealt.

10. The nature and extent of the pay increase to apply in both the public and private sectors, together with the position on lower paid workers and on working hours, will be dealt with in separate documents on “Proposals for a Public Service Pay Agreement”, applicable also to the broader public sector, and “Proposals for an Agreement between the ICTU, the FUE and the CIF”.

11. In realising their budgetary targets, the Government are committed to the need for the achievement of a reduction in the number of public service employees. They are committed to achieving this reduction on a voluntary basis. They are confident that the comprehensive voluntary arrangements they have introduced will achieve the reductions sought. If in practice, however, the take-up of these voluntary arrangements does not enable the Government’s budgetary and structural objectives to be met, the Government will review the position but, in doing so, they undertake to consult fully with the ICTU. Such prior consultations will take place under the review mechanism provided for in the Programme.

Section III

TAX REFORM

GENERAL

1. The Government are committed to reform of the tax system. The Programme of changes, initiated in the 1987 Budget, will be accelerated to increase equity in the system, radically improve collection and encourage economic development.

INCOME TAX

2. The Government will introduce income tax reductions to the cumulative value, over the next three years, of £225 million, including increases in the PAYE allowance costing £70 million. In the context of this provision, the Government will make significant progress towards having two-thirds of taxpayers on the standard rate by adjustment of the 35 per cent band.

3. The Government will continue to ensure that only necessary expenses will be allowed for tax purposes.

4. The deduction at source system on professional fees paid by the public sector bodies set out in the 1987 Finance Act is operating effectively.

5. Farmers are now taxed on income on the same basis as other self-employed income-tax payers and this will be fully and consistently implemented.

CORPORATION TAX

6. The Budget estimate for the yield from corporation tax in 1987 is £262 million or 4 per cent of total tax revenue. This percentage share is low by comparison with other EEC countries. The main reasons for the low yield are the relatively small business base here and the range of business incentives, including the specially favourable regime for manufacturing industry. In the Budget this year, the Minister for Finance announced a review of the Corporation Tax code. This review is well advanced.

CAPITAL TAXATION

7. Capital taxation will be reviewed and the scope for increasing the yield from capital taxes will be investigated in the context of the 1988 and subsequent Budgets.

8. The aggregation of benefits from all sources will increase the yield from Capital Acquisitions Tax.

TAX EVASION, TAX COLLECTION AND ENFORCEMENT

9. The Government are fully committed to improving collection and enforcement, stamping out arrears and ensuring prompt payment of tax liabilities as they

arise. This will be given priority. Whatever changes are considered necessary, whether administrative or legislative, will be made. Greater equity in the collection effort must be achieved.

10. Staff levels in the Office of the Revenue Commissioners are already **equivalent** to about one head of staff for every 150 taxpayers. Additional resources will nevertheless be made available as necessary to achieve improved results.

11. The Revenue Commissioners **are** drawing up, as a matter of priority, a programme and timetable for reduction and elimination of arrears.

12. The Government are committed to the introduction of self-assessment for Corporation Tax and Income Tax for the self-employed. Effective auditing procedures and appropriate penalties must play a major part. The conditions must **be** such as to guarantee a significant improvement in compliance.

13. The range of enforcement powers available to the Revenue Commissioners and the Sheriffs is being considered by the Law Reform Commission. The Commission have been **asked** to **make** their report on improvements in debt collection generally **as** soon as possible.

14. The requirement to have a tax clearance certificate as a precondition for securing public contracts over £10,000 is being stringently **applied**. A similar system is being introduced for all grant payments.

15. The introduction of improved identification systems to allow better co-ordination and control is under detailed discussion by the Revenue Commissioners and the Department of Social Welfare.

Section IV

GREATER SOCIAL EQUITY

GENERAL

1. Greater social **equity** in terms of access to social benefits and to health and education services is a prime objective of Government policy. The following paragraphs *set* out the main objectives of Government policies in the areas of Social Welfare, Health, Education and Housing.

SOCIAL WELFARE

2. The Government will maintain the overall value of social welfare benefits and within the resources available, will consider special provision for greater increases for those receiving the lowest payments.

3. The Government have decided to introduce PRSI for farmers and the self-employed in 1988 on the basis of income as assessed for income-tax purposes.

4. The Government are examining what changes if any are required in the Social Welfare Appeals system with particular regard to ensuring that the system is perceived to be fair.

5. Following the recent improvements in the Family Income Supplement Scheme, a detailed study of the workings of the scheme will be carried out in order to identify any further adjustments that may be necessary.

6. Measures will be taken to ensure closer liaison with voluntary organisations in the preparation and implementation of policies in the social welfare area.

HEALTH

7. The Government have already put in train a major review of health policy in all its aspects with a view to determining the future direction of the delivery of health care. The Government fully accept that such a review must be carried out in consultation with all interested parties.

8. A consultative document which raises and discusses the main issues regarding health care has already been published and it and the various responses to it will form the basis of a major national conference. A major policy issue, discussed at length in the consultative document, is that in the future the emphasis in health care will be on the development of primary health care, incorporating a positive approach to prevention of ill-health and handicap and the promotion of good health. This will involve a change from the traditional predominance of institutional care to community-based services.

9. In addition, a Commission on the funding of the health services has been meeting for some months. The Commission has been asked to make its recommendations as quickly as possible. The Commission has also been asked to make recommendations on the extent and sources of the future funding required to provide an equitable, comprehensive and cost effective health service.

10. Significant **progress has** already been made in many **areas** in moving the provision of services from an institutional to a community setting an foot of the major recommendation in the report on the psychiatric services *Planning for rhe Future*. The Government fully intend to press ahead with this policy.

11. With a projected increase in the elderly population, the necessity to review and restructure, as necessary, the appropriate services for that section of the community has been accepted. Fur the past few months, a working party has been examining the various aspects of **the** problem, and the report will be finalised shortly.

12. **A** Green Paper on certain aspects of services for the handicapped has been published by the Department of Health. Discussions on the Green **Paper** will continue with ICTU and organisations representing the disabled with a view to seeking ways and means of improving employment opportunities, facilitating access to buildings **and** transport **and** promoting independent living generally ~~for~~ **the** disabled.

13. Due to the significant drug costs involved both within the General Medical Services Scheme and at hospital level, the Government will continue to ensure that drug prices are **kept** under control through **the** strengthening **of** existing supply arrangements and agreements at all levels.

14. The Government are concerned at the extent of arrears in health contributions from the farming community and the self-employed. Considerable progress has been made in rectifying this situation and it is the Government's intention that these efforts will be continued and intensified.

EDUCATION

15. The Government recognise the importance of the educational system in the promotion of equity in society and will ensure, in implementing whatever adjustments are necessary in that sector because of financial considerations, **that** the burden of adjustment does not fall on the disadvantaged.

16. There is a range of measures in place to assist disadvantaged groups. There **is** also considerable Exchequer support for travellers and the mentally and physically handicapped. Special attention will be given *to* identifying those with special needs and to provide measures designed to help these groups achieve their full potential.

17. The Government will continue to encourage and **foster** the participation of the disadvantaged **at** all levels of education. **A** particular area of focus will be to encourage more second-level **pupils** to complete the senior cycle. It is considered that this will be a **key** factor in encouraging more working class children to advance to third-level education.

18. For those who do not complete second-level there is considerable State support by way of **provision** for training (FAS, CERT, ACOT), **Vocational Preparation and Training courses**, and employment **subsidies** and schemes. The Government will focus on devising **special** measures to attract priority one pupil to VPT courses.

19. It is intended that the programmes of community education and adult literacy will continue and **will** be intensified to the limits that resources permit.

HOUSING

20. A new Housing Bill which **will include** provisions regarding homeless **persons** will be introduced in the coming Dáil **Session**.

21. The Government will ensure that, within the Public Capital Programme special emphasis **will** continue to be given to the housing needs of **disadvantaged** groups.

EMPLOYMENT

GENERAL

1. Lower interest and mortgage rates, a stable exchange rate, low inflation, stabilisation of the National Debt/GNP ratio and its subsequent reduction to a sustainable level, halting and reversing the flow of capital out of the economy, lower and more equitable personal taxation constitute the fiscal and monetary policy of the Government under the Programme. Already significant results in these areas have been achieved. This fiscal and monetary climate will stimulate investment confidence and greater economic activity, maintain existing employment and create new employment. The objective of the employment strategy will be to create viable jobs in the legitimate economy and not in the "black economy". The Programme contains a series of specific measures to achieve this effect.
2. The indigenous manufacturing sector must be strengthened so that it achieves the size and vitality which other small economies have achieved. Proportionate to those small economies, we should have 100,000 more persons employed in manufacturing industry. The weakness of the indigenous manufacturing sector, partly reflected in our exceptionally high level of imports, is a contributory factor to our heavy unemployment. The overseas firms employing 80,000 persons show our capacity to staff and manage successful and advanced manufacturing processes. Indigenous manufacturing industry must similarly expand and diversify, must exploit better our natural resources, must export more and must recover its share of the home market if we are to increase employment.
3. We will continue, through the incentives provided, to attract overseas manufacturing companies. The sound fiscal and monetary climate being created will be an added inducement to overseas companies to locate here.
4. Irish liability insurance rates place many Irish firms at a cost disadvantage, particularly in comparison with U.K. competitors. The Government will move quickly to facilitate a reduction in costs by proceeding with legislation to abolish juries in personal injuries cases, by introducing legislation to give effect to the main recommendations of the Commission of Inquiry on Safety, Health and Welfare at Work (the Barrington Report) and by promoting the introduction of safety audit arrangements by insurance companies. The scope for promoting the publication of a Book of Quantum of Damages, for introducing a pre-trial procedure system and reducing the level of legal representation in the Superior Courts to help reduce legal costs will also be examined. Insurance industry representatives have given assurances that reductions in liability insurance premia will follow the introduction of an improved framework.
5. The services industry will grow both independently and through the multiplier effect of the development of manufacturing employment. Tourism,

international services and, in particular, financial services will contribute **sig-**nificantly to this growth.

6. The State-sponsored Bodies will be actively encouraged and facilitated to develop and diversify their economic employment-creating activities, Where new legislation is required to achieve this, it will be brought forward.

7. The State-sponsored Bodies, which provide utilities and services must, through greater efficiency and cost-containment measures, bring down the high cost environment now affecting the competitiveness of our economy and the growth of employment.

8. The moderate pay increases under the Programme **will** contribute **sig-**nificantly to our ability to compete more effectively and **thus create** more jobs. This discipline must be matched by better marketing and management and greater technological development.

9. A sectoral development approach will be **applied** in the creation of new employment.

MANUFACTURING

10. Ireland's economic and social prospects depend ultimately on the further development of our industrial base to produce quality traded goods and services for world markets. The objectives of policy in manufacturing industry **involve** creating approximately 20,000 extra jobs on average per year over the **next ten** years, the actual provision accelerating as the Programme policies take effect. The offsetting trend in job losses cannot be foreseen accurately but the more competitive economic climate and the greater attention given to the indigenous sector will make existing jobs more **secure**.

11. The **policy** measures to achieve this will be:

(i) a radical re-organisation and simplification **of** the industrial promotion agencies will be undertaken to provide a combined approach to the growth of the indigenous manufacturing sector covering develop-**ment**, marketing at home and abroad and technological **change** and innovation. The promotion of overseas investment in Ireland will be intensified on a specialised **basis**;

(ii) the market-oriented and technological development of the indigenous sector will **have**, as a priority, the expansion and growth of selected Irish **companies** firmly rooted in the economy. Ministerial Offices for Trade and Marketing and for Science and Technology have been established to further this strategy;

- (iii) greater emphasis on State aid to achieve a significant shift in resources from the support of fixed asset investment to the upgrading of marketing, product development, R & D and management expertise;
- (iv) the new trading houses for which provision has been made in the 1987 Budget will provide a new effective export service to indigenous companies and help to increase the share of Irish manufactured products in specific overseas markets;
- (v) training grant expenditure will give greater emphasis to equipping Irish companies with marketing, management, technological and commercial Language skills;
- (vi) linking State aid more directly to employment so that disbursements will depend on the achievement of specific employment targets;
- (vii) a sector by sector development strategy based on
 - (a) market research at home and abroad which will identify development and employment potential,
 - (b) our natural resources,
 - (c) the new advanced skills in our work-force and
 - (d) the achievement of increased market share in selected sectors and markets; and
- (viii) the promotion of investment from overseas will give greater emphasis to the integration of such investments into the Irish economy.

12. The Minister of State for Trade and Marketing is at present preparing a National Marketing Plan which will identify how Irish firms can be supported in securing increased market shares on home and overseas markets and which will pay special attention to marketing education and recruitment.

13. As part of the sector by sector approach, specific and realistic job opportunities will be identified for each sector.

FOOD INDUSTRY

14. The Government will give major priority to the development of the food industry where there are significant opportunities in certain segments for the creation of employment and wealth. The State Agencies active in the promotion of the food industry are being co-ordinated under a special Ministerial Office for Food in order to make their activities more effective. A development plan for the industry, currently being drawn up, will be published in the coming months. An aggressive international marketing strategy will be developed designed to maximise exports of food products.

15. The following job opportunities have already been identified by Government Departments and State Agencies:

- (i) **Beef industry** This should provide 1,000 new jobs over 5 years;
- (ii) **Pig-processing** An investment programme of £140 million over 5 years is planned. This will create 1,000 extra jobs; and
- (iii) **Sheep-meat** Increased exports, particularly of higher added-value products, are envisaged providing 200 extra jobs over 5 years.

OTHER MANUFACTURING

16. Other job opportunities in manufacturing identified to date by Government Departments and State Agencies include:

- (i) **Tool-making** Output can be increased from £5 million per year to about £20 million over 5-8 years giving about 1,000 extra jobs;
- (ii) **Automotive Components** It is estimated that up to 3,000 jobs could be created in this industry based on achieving increased shares of the auto-components' market for Japanese European car manufacturing;
- (iii) **Mechanical Engineering** The development of a strong indigenous component to the mechanical engineering industry is essential to the development of the manufacturing sector generally because of the industrial support services it provides. A special development programme for the tool-making and automotive products sub-sectors is being put in place. A number of State companies (e.g. Aer Lingus Sugar Company, ESB, Bord na Móna) have developed particular expertise in, and knowledge of, specialist areas of the sector which when combined, could have the potential to generate a substantial manufacturing project firmly rooted in the Irish economy. The feasibility of establishing such a project is under detailed examination by the State companies concerned at present;
- (iv) **Electronics** The indigenous electronics sector will be doubled in size to about 3,000 jobs within 5 years (in addition to the creation of about 3,000 additional jobs in overseas firms in the sector);
- (v) **Clothing** The target is to generate about 3,500 new jobs by increasing exports by £50 million and replacing imports by £40 million. £50 million;
- (vi) **Craft Products** The retail franchising abroad of craft products has an estimated potential to create 1,000 extra jobs based on exports of £13.5 million over the next few years; and
- (vii) **DIY Products** The export promotion of DIY products is designed to create 300 new jobs over the next few years, based on exports of up to £25 million.

NADCORP

17. **NADCORP** will continue an active, innovative and developmental role in the provision of investment capital to indigenous enterprises. **At** sectoral level it is also developing particular niches for investment opportunities. It will actively seek out projects of national and strategic importance.

AGRICULTURE

18. The expansion of the agriculture and food industry is a central element of the Government's economic policy. Given the industry's dependence on export markets and the increasing restrictions on the EC **support** arrangements, a recognition of the importance of a market-led orientation is seen as an essential prerequisite for the further development of the industry.

19. While the pressures of Community budgetary discipline are increasingly evident, the Government are determined that any adjustments to the Common Agricultural Policy must **take full** account of the Policy's fundamental principles **and** of the social and cohesion obligations of the Single European Act. Specifically, the Minister for Agriculture and Food will seek to ensure that the reformed CAP will continue to operate to safeguard Irish agriculture and family farm income **and will** facilitate and promote the development of the food industry here. Where appropriate, quantitative limitations on production rather **than** price reductions will be the preferred option.

20. This year **has** been a good year for the farm sector relative to recent years **and** the Government's objective is to support measures which **will** maintain confidence in the industry. Government economic policies have already brought about a significant reduction in interest rates which is of very significant benefit for investment in agriculture. Other significant measures to support the industry include:

- a new grant/loan scheme to maintain the beef cow herd so essential to the further development of the meat industry;
- new arrangements for the implementation of an aggressive drive to eradicate bovine TB will operate and are being discussed with farming organisations and other interested bodies by the Minister for Agriculture and Food;
- the Commission of the European Communities, at the request of the Minister for Agriculture and Food, has undertaken to consider the extension of the producer group regulation to Ireland. The application of this regulation to beef, sheep-meat, cereals and potatoes would help to stimu-

late **group** initiatives and would bring a heightened awareness of the importance of marketing to individual participating farmers;

- integrated rural development programmes on a pilot area basis will be introduced to promote **rural** enterprise (e.g. including agri-tourism) and to benefit to the greatest extent **possible** from EC funding;
- a revised Western Development Programme more suited to the specific needs of the West will be introduced in 1988;
- increased Community funding is being sought by the Government to enable EC structural measures including the Western Development Programme and the Disadvantaged **Areas** Scheme to be more effectively implemented and extended;
- the Government will take the necessary measures to facilitate development of the rural regions by maximising **the** benefits to Ireland of the **3 EEC** Structural Funds — ERDF, **ESF** and the guidance section of FEOGA;
- proposals have been put forward to Government by the farming bodies that the existing eurocurrency arrangement **be** rolled **over** for one year. These proposals **are** being examined; **and**
- the amalgamation of **AFT** and **ACOT** will provide the kind of service required to meet present day needs and gear the agriculture and food industry more appropriately **to** the fundamental **changes** now occurring in these sectors including the application of the **latest** technological developments. A high priority will be placed on training for young farmers entering agriculture. Proposals have been **put** to the Government by the farmer **bodies** that the Young Farmer Installation **Aid** could be re-introduced on the basis that costs arising could **be** offset from stamp **duty**. These proposals are being examined sympathetically in the context of the forthcoming Budget.

HORTICULTURE

21. A Ministerial Office for Horticulture has been established to realise **the** potential of this industry. A five-year development **plan** for the industry **is** under preparation, aimed at regaining markets from imports and increasing exports by a combined **level** of some £70 million **over** that period and, in the process, laying the basis for the creation of 1,500-2,000 jobs. The preparation and implementation of the development plan is being overseen by a new State Body — **An Bor**

Glas — which has been established, on an interim basis pending full statutory establishment, to rationalise **the** range of State-assisted services already provided to the industry through the Department of Agriculture and Food, **AFT**, **ACOT** and the Universities. The plan is being developed on a product by product basis **in** consultation with Commodity Teams that have already been established by the Board and these Commodity Teams will shortly finalise their recommendations for action to be undertaken.

FORESTRY

22. The Government have adapted a firm action programme **to** realise the potential for job creation, import substitution, export revenue, regional and social development that exists in forestry

The main elements of the programme include:

- **the** appointment of a Minister of State with specific responsibility for forestry;
- setting up a new State-sponsored company **to** operate **State-owned** forestry on a commercial basis. The new company should be launched **early** in the **new** year (an interim board will be announced shortly):
- farmers will be encouraged to avail fully of available incentives (including EEC-funded payments) to expand into **forestry**;
- record national planting targets of 11,000 hectares in 1987 and 13,000 hectares in 1988; and
- a major drive **to** increase substantially the level of EEC funding for forestry.

The result of these initiatives **will** be to:

- considerably increase the national forest base **in** **this** country;
- an increase **in** State timber production in 1987 of 50,000 cubic metres **to** 1.25 million cubic metres;
- **create** **new** job opportunities in planting of around 250 in **1987** and 1988 with an estimated additional 500 jobs in the down-stream wood industries over the next 3-4 years which could grow to 1,000 over the **next** 8-10 years;
- arrangements **will** be **put** in place to ensure that new jobs arising from the **State's** planting programme will not arise in the "**black** economy"; and

-
- increase the level of **import** substitution and foreign currency earnings through increased home and export sales.

MARINE

23. The potential in sea fishing *is* ultimately estimated at 2,000 new full-time and 2,000 new part-time jobs by expanding the fishing catch by two-thirds, trebling farmed fish output and more than doubling fish exports. A Marine Research Institute will shortly be established by the Government to assist the development of the industry. The estimated potential in inland fisheries **is** for about 1,500 new jobs in community-based projects with maximum local involvement and funding. These programmes will form part of the development of our natural resource-based and indigenous industry and their funding will be considered as part of that programme.

24. A new package of incentives is also being **put** into place by the Government for the development and expansion of the Irish shipping fleet. The package includes taxation incentives, grants and possible NADCORP involvement in commercial shipping projects. The objective is to ensure that a strategic shipping fleet to face emergencies remains in place. At present, the Minister for the Marine **is** having further work undertaken to exploit employment opportunities in ship-building, marine recreation **and** amenity projects, particularly in relation to establishing a framework for planning and expediting the development of marinas. The results of this **work will** be available before the end of the year.

CONSTRUCTION INDUSTRY

25. The construction industry will benefit from the recovery of demand from investment in the private sector. The Programme will improve the climate for private sector investment which will support the construction industry. The development of the Custom House Docks site which will commence shortly exemplifies this. The recently established Construction Industry Development Board will advise on measures to further support the sector. A sustainable level of public **demand** will be maintained throughout the Programme consistent with the constraints on fiscal policy. Private investment consistent with public criteria will be sought to supplement State investment in infrastructure and to support employment in the construction sector.

26. The Government are also conscious of the existence of a substantial “black economy” construction sector. The operation of the “black economy” in public Construction programmes has so far been tackled by strict implementation by public authorities of tax clearance certification procedures which **apply** to the main contractor and all sub-contractors where the value of the main contract

exceeds £10,000. The Government welcome the recent joint initiative undertaken by the Construction Industry Federation and the Irish Congress of Trade Unions (Building Unions Group) in **the** context of the 26th Round Pay Agreement in the building industry to establish an agency funded jointly by employers/employees to monitor “black economy” activity in construction. **The** Government will be examining additional proposals with a view to lending their support to this initiative. Also, the Construction Industry Development Board *has* identified “black economy” activity in construction as a priority area for investigation and will put **forward** recommendations on the matter.

TOURISM

27. The Department of Tourism and Transport has been established to ensure a new co-ordinated strategy to develop the tourist industry. The objective is to create an extra 25,000 jobs and to attract an additional £500 million of foreign tourist revenue. To achieve this, we will need to double, over 5 years, the number of foreign visitors through radical changes in airline policies. We will need to become more inward-tourist oriented by lower access fares, by the development of inward air charter traffic in place of outward charter traffic, by better marketing including more targeted marketing and by the aggressive promotion of the incentives for investment in the tourist industry including business tourism **under** the **Business** Expansion Scheme. Other matters which will be pursued include possible entry into **the** tourist agency business abroad, **and** the encouragement **of** more organised and packaged tours **by** carriers and promotion agencies. Improvement **in** the legislation controlling the environment will also contribute to the potential of tourism.

FINANCIAL AND OTHER INTERNATIONAL SERVICES

28. The International Financial Services Centre at the Custom House Docks is now estimated to generate some 7,500 jobs over the next **3-4** years. The development of the entire Custom House Docks site will involve construction valued at about £250 million over 4-5 years with **peak** construction employment of 1,500.

29. Other international services are estimated to generate some 3,000 jobs over the next **4-5** years in areas such as computer services, health services, educational services and architectural and engineering business consultancies.

STATE BODIES

30. Each State-sponsored Body has been asked under the Programme for practical **proposals** to create new jobs. **A** list of proposals received which will be

evaluated and undertaken provided that they satisfy criteria of economic viability is contained in the Appendix.

OVERSEAS CONSULTANCIES

31. In order to achieve a three-fold expansion of turn-over in overseas consultancies by **State Agencies** (£80 million per year at present) within 5 years, the Government will:

- ask each **State Agency** with the potential to develop **overseas** services to set out a short, succinct 5 year development plan, with clear concrete targets for overseas consultancy work;
- introduce any required legislative changes needed to facilitate the development of overseas consultancy work by **State Agencies** e.g. to enable **State Agencies** to establish subsidiary companies;
- establish a new Unit from within existing resources to ensure that timely and top-class information is channelled to the appropriate **State Agencies** on overseas consultancy opportunities using the resources and information network of each Government Department, **Embassy**, Consulate and **State Agency**. The **work** of the Unit will be supplementary to the **work** of each Agency active in the field;
- where appropriate, **State Agencies** will be expected to develop consultancy opportunities on a joint basis with other **State Agencies** and with private sector consultancies to ensure the most effective use of their resources in securing overseas consultancy assignments; and
- a special task-force headed by the Minister of **State** for Trade and **Marketing** and reporting to the Taoiseach will be established to give a major impetus to the development of opportunities in overseas consultancy.

32. Where employment opportunities can be supported in the public service area to the benefit of the Exchequer **these** will be fully explored. For example, **there has been** large-scale investment in high-technology equipment in hospitals and health centres over the past 20 years. Outside consultants are used to service and maintain much of this equipment and some estimates suggest that **as much as** £10 million per year of maintenance work on this equipment is undertaken by overseas consultants. It is possible that much of this **work** could be undertaken more cost-effectively at in-house or local level and the possibilities of achieving this are being examined by the Department of Health. Some progress has already

been made e.g. briefs for the Tallaght and St. James' Hospitals in Dublin and Galway Regional Hospital contain provision, including schedules of accommodation, for medical physics/bio-engineering departments.

WORKER CO-OPERATIVES

33. A number of State Agencies operate programmes at present which support the creation of employment through worker co-operatives. In the case of the **Manpower Agencies** legislative provision has been provided to enable this support to continue under the new umbrella Agency — **An Foras Aiseanna Saothair (FAS)** — which will have wide powers to assist and encourage the development of worker co-operatives. **Support** for co-operative development under the Community Enterprise Programme **operated** by the YEA will be extended to persons over **25** years of age. Worker co-operatives can **make** a significant contribution to employment, maintenance and the Government recognise the case for promoting the establishment of **worker** co-operatives in suitable circumstances. The Government will, therefore, request FAS to consider urgently proposals for the establishment of a Co-operative Development Council. The Minister for Labour is, at present, considering plans for a **pilot** operation that would help emerging **co-operative** businesses with specialised advice in advance of the establishment of FÁS. **This** operation would be part funded out of current **Agency funds** with contributions coming from the IDA and non-State funds. The new body could draw on the **collective** experience of the **State** Agencies, Trade Unions, Co-operative bodies and the Northern Ireland Co-operative Development **Agency** in developing its service.

34. Reductions in **working** time have been put forward as one means to increase employment levels. **It is open** to trade unions and employer bodies to pursue the possibilities for achieving this through collective bargaining at the level of individual enterprises. **A** tripartite working group will be established to examine the area.

Section VI

LABOUR LEGISLATION

PROTECTIVE LEGISLATION

1. The Minister for Labour will publish a Discussion Document shortly **which** will review legislative provisions in relation **to** unfair dismissal, employment equality and the payment of wages, and will identify the character of changes which may **be** required in existing legislation. The Discussion Document will address issues of job security and **the** status of part-time workers.

CONDITIONS OF EMPLOYMENT

2. (i) The Government propose to bring before the Oireachtas this year a Framework Bill to give effect to the main recommendations of the Commission of Inquiry on Safety, Health and Welfare at Work. The tripartite Interim Board for Occupational Safety and **Health** is continuing its work on the transitional arrangements required **in** the changeover to a new safety system **in** the work-place;
- (ii) The Government will also **extend** by Order the scope of the Protection of Employees (Employers' Insolvency) **Act**, 1984, to employees over 66 years of age, to ensure that they can recover entitlements due **to** them in respect of their previous **insurable** employment in **an** insolvency situation.

EMPLOYMENT EQUALITY

3. A review of the Anti-Discrimination (Pay) **Act**, 1974, **and** the Employment Equality **Act**, 1977, **has** been carried out **by** the Department of **Labour and various** options for amendment of the legislation will be **put** forward in **the** Discussion Document to be published shortly. It is recognised, however, that legislation **is** only one response to **the** problem of employment equality. **AnCO** **already** provide opportunities for women to take **up careers** in non-traditional **areas**. **The** Minister will request FAS to examine ways and means of furthering this objective.

WORKER PARTICIPATION

4. The Government propose to introduce enabling legislation to **facilitate** the introduction of worker participation at sub-board levels in **State enterprises**. **The** recommendations **of** the Advisory Committee on Worker Participation **are** being considered by the Minister for Labour with a view to identifying the options which might be achievable in the light of **present** budgetary constraints.

INDUSTRIAL RELATIONS

5. The Minister for Labour will hold discussions with the Social Partners about changes in industrial relations which would provide a better framework for collective bargaining and dispute settlement **and** help to create conditions for employment-generating investment. It will be the **aim** of the parties to the Programme to conclude these discussions as soon **as** possible.

Section VII

REVIEW AND MONITORING COMMITTEE

28

1. The Government and the other parties to this Programme will meet in a special Central Review Committee to review and monitor the progress in implementing the Programme and, in particular, the achievement of the targets and objectives of the Programme. This Committee, which will be chaired by the Department of the Taoiseach, will report to the Government and to the other parties of the Programme.
2. Appropriate existing institutions will be consulted and their services availed of in relation to specific issues that may arise.
3. Where appropriate, separate discussions, in the context of the Committee, can be held on a bilateral basis between the Government and any one of the parties to the Programme on matters of direct concern to the party.

Appendix

STATE-SPONSORED BODIES — PROPOSALS

AER LINGUS

- the development of a €12 million engine overhaul project by Airmotive Ireland to generate 100 new Jobs by 1990 increasing to 150 by 1996;
- the further development *by* Airmotive of its in-house overhaul and repair activities, creating 10 new jobs;
- the expansion of its component overhaul and repair business at Dublin Airport, preserving 25 jobs initially and eventually leading to expansion as business develops;
- the expansion of its spares trading **business** creating 13 additional jobs;
- the establishment of an expanded Flight Simulator facility preserving 15 jobs and creating 4 more;
- the establishment of a joint venture with GPA, another airline and possibly an insurance company to engage in aviation reinsurance, creating 13 jobs;
- the development by Airmotive of an engine case repair facility costing £10 million and generating **up** to 100 jobs;
- further expansion of hotel investments in Ireland to generate up to 30 **new** jobs.

AER RIANTA (Preliminary Proposals)

- the establishment of a joint venture with Aeroflot for painting of Aeroflot feet at Shannon Airport;
- the development of airport lands including industry and hotels;
- the undertaking of consultancy in Duty Free shopping overseas;
- the development of Bunratty Castle **type** entertainment in the Dublin area;
- the development of major conference centres at Dublin **and** Shannon Airports and possibly Cork;
- the restoration of air-freight business **with** particular emphasis on small parcels and Federal Express type operations;
- the exploration of the possibility of extending current mail-order business to more international markets;
- the capitalisation on Shannon's international reputation in food and **cater-**ing circles.

ESB

- a major expansion in the **overseas** consultancy operations of the **ESB** to **provide** employment for 500 with an annual turn-over of £50 million by 1992 and additional opportunities in providing goods and services by other Irish firms in the public and private sectors arising from ESB overseas activities;
- the further development of ESB activities in commercial fisheries to provide 100 jobs by 1992;
- the construction of 10 small-scale hydro-electricity installations by the **ESB** in Counties **Cork**, Kerry, Leitrim and Donegal with EEC assistance and **providing** construction employment for **up to 200 people in all**;
- the establishment of a **special** development unit of top-class people within the ESB with a firm mandate from the ESB board to seek new development opportunities for ESB activities on the home **and** export markets;
- the development of tram-shipment facilities at Moneypoint.

BORD GÁIS ÉIREANN

- the construction of the natural gas pipe-line from Dublin to Dundalk serving the horticultural industry en route **and** making gas **available** to major industries in the North **East**, 200 jobs being provided in the construction phase

IRISH NATIONAL PETROLEUM CORPORATION

- the upgrading of the Jetty at Whitegate Refinery at a cost of £0.5 million;
- the development **and** extension of pilot fish-farming scheme on Whiddy Island.

BORD NA MÓNA

- the development over 5 years of more than 8,600 hectares of additional bog-lands at 11 locations at a cost of £22 million which, between new jobs **and** jobs which **would** otherwise disappear, account for almost 500 jobs.

B.I.M.

- the expansion of the fish catch by two-thirds through full utilisation of EEC fish quotas **and** the development of **new** fisheries for non-quota varieties:

-
- **the** renewal and expansion of the fishing fleet;
 - the trebling in **the** country's output of farmed **fish**;
 - the increase in fish **exports** from £105 million to £250 million mainly through increased exports of farmed fish, shellfish and products based on under-quota and non-quota varieties, and through better handling, processing and marketing.

TELECOM ÉIREANN

- the development of further project opportunities in the telecommunications terminals market;
- the further development of overseas consultancy **work**;
- **the** development of opportunities in telemarketing;
- a data-entry service aimed, primarily, at specific overseas markets;
- the expansion of BTE contract **work** in the areas of cabling and private networks.

AN POST

- the possible development of **banking** and retail services;
- **the** development of a mail-order service;
- the rebuilding of the parcels/Express Mail Service;
- the provision of an Electronic Mail Service.

RTE

- the development of a £4 million joint project between RTE and Radi Luxembourg to **establish** a new long-wave radio service operating from Ireland with the potential to generate £3 million **per year** in advertising revenue. The new project will involve the creation of **25** permanent jobs apart from those involved initially in construction activity;
- the diversion of £1 million in funds to the independent film/video producing sector to assist in RTE's strategy of more home-produced programmes;
- the provision with Údarás na Gaeltachta of a programme/post-production facility in the **Gaeltacht**, providing **up to 4** jobs initially;
- the **marketing** of its computer software internationally.

ÚDARÁS NA GAELTACHTA

- the establishment of a new wholly-owned subsidiary company with facilities at Furbo, Galway, to improve information technology and telecommunications in the Gaeltacht regions;
- the application to the EEC for funding of a study to establish the reasons which have hampered the growth of the textile industry in the Gaeltacht;
- the undertaking of an R & D programme in collaboration with other bodies to bring new aquacultural species to a pilot commercial stage of development,

ÓSTLANNA IOMPAIR ÉIREANN

- the continued investment in existing properties from own resources.

YOUTH EMPLOYMENT AGENCY

- the establishment of a revolving investment fund to provide seed finance to start up or expand small businesses, helping to create 280 jobs initially.

GERT

- the expansion of its existing training programmes to cater for an additional 300 trainees per year.