



Programme
for
Competitiveness
and
Work

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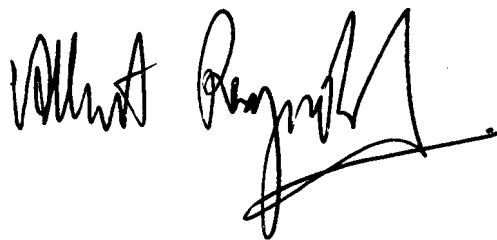
Introduction

The Government's clear objective for the discussions that led to this Programme was to make work at all levels the cornerstone of development action, in the next three years in particular. In doing this, the Government wish to maintain and strengthen the consensus approach of recent years, to underpin our strong economic performance, including the continued improvement of the public finances, and, critically, to deepen the competitiveness of the Irish economy. The consequent boost to growth and investment will be an essential framework for the generation of a much faster rate of employment growth.

We, Government and social partners, undertook the discussions at a particularly challenging time. The successful conclusion of the GATT negotiations should provide a significant boost to growth in the world economy over time but the short-run outlook for economic recovery in a number of our main markets is slow and uncertain. What is certain is that the degree of competition to which Irish producers are exposed is increasing, and will continue to increase, both in overseas markets and at home. The preservation of jobs and the necessary increase in sustainable employment require that we meet this increased competition head on.

I believe that this Programme translates our shared central concern with work, in terms of sustainable employment *and* in terms of community-based work, into a coherent strategy and a consistent set of measures to be pursued together over the coming years. I believe the confidence generated by this agreed national programme will undoubtedly help to stimulate activity across the economy, in agriculture and food, in manufacturing, in construction, in tourism and in the other growing service sectors. We must ensure that this will have benefits for the whole community. In particular, I will be taking steps to ensure that the impact of the Programme on equality is monitored on a continuing basis.

I believe the Programme can properly and realistically be seen as a Programme for Competitiveness and Work. On that basis, I thank those involved in negotiating it over a short period and commend it for implementation in partnership in the three years before us.

A handwritten signature in black ink, appearing to read 'Albert Reynolds', with a long horizontal flourish extending to the right.

Albert Reynolds,
Taoiseach.

Section I

Work

1.1 The key challenge in this Programme is to increase the number of people at work within our economy and to reduce the level of unemployment.

1.2 The Government, the ICTU, the IBEC, the CIF, the IFA, the ICMSA, the ICOS and Macra na Feirme have agreed this Programme to succeed the Programme for Economic and Social Progress.

1.3 Discussions on the Programme were conducted within the framework of the NESC Report, *A Strategy for Competitiveness, Growth and Employment*. At the request of the Government, the National Economic and Social Forum submitted proposals on issues to be taken into consideration in negotiating a new national programme. In the preparation of this Programme, full account was taken of the views of the Forum.

1.4 Submissions on the new Programme were also received by the Government from the Irish National Organisation of the Unemployed, the Conference of Major Religious Superiors, the National Youth Council, the National Parents Council (Primary) and the Combat Poverty Agency. These submissions were fully considered by the relevant Government Departments, discussed with the organisations concerned and considered by the Government in deciding on this Programme.

1.5 Action to meet the challenge of work will be pursued:

—through the National Development Plan, which aims to strengthen the productive capacity of the economy,

—through targeted policy changes to improve employment performance substantially in areas such as small business, start-up enterprises and the services sector, as the essential complement to action in manufacturing, construction, agriculture and tourism,

—through consistent fiscal policies to promote efficiency, investment and work,

—through adherence to a partnership framework to provide stability and confidence and deepen competitiveness, which is a primary function of this Programme,

and will have two components:

—sustainable employment and enterprise, based on market-led growth, and

-community-based work, with work experience and training to enable the unemployed, especially the long-term unemployed, to have improved access to sustainable employment and enterprise and a particular opportunity to develop the areas in which they live.

1.6 This action must harness the same national determination in dealing with work as was the case in 1987 in restoring financial stability. There is one essential difference in approach. Success in the area of work will come only through more specific, more focused, more local, and more business-oriented approaches. Prospects of success will be enhanced by the development of consensus nationally, locally and within workplaces.

1.7 The Government have responded to the employment challenge in a comprehensive manner in the 1994 Budget. The National Development Plan 1994-1999 had foreseen growth in non-agricultural employment of 12,000 — 14,000 a year up to 1999. The immediate impact of the Budget measures should ensure an increase in the active workforce in 1994 of 21,000. The Government estimate that, on the basis of the domestic budgetary situation and that economic conditions are favourable over the three years of this Programme, then, the number at work outside agriculture should increase by over 60,000, broadly equivalent to the best three-year performance in the past.

1.8 The unpalatable reality is that even an increase of 60,000 would not fully match the expected increase in the labour force in the years 1994 to 1996. The Budget measures, in addition to their direct impact in 1994, will provide for more substantial increases in jobs in the years ahead, especially in the development of small business, of start-up enterprises and of services firms generally. A small increase in a reasonable percentage of the 100,000 small businesses in Ireland, a bridging of the gap between Ireland and other countries at our stage of development in the area of start-up enterprises and a strong performance in new areas of the growing services sector, will give the improved employment performance necessary to reduce unemployment to more acceptable levels.

1.9 The Government and social partners have agreed to reinforce the 1994 Budget measures — which themselves built on action by Government in 1993 — in three areas in particular:

- the development of small business and start-up enterprises where a comprehensive range of measures involving low interest loans, removal of “red tape”, focused incentives for equity investment and support services at the local, community level are being and will be put in place following on the Report of the Task Force on Small Business and a detailed review involving the Central Review Committee to be completed within 1994,
- the development of the services sector where in particular Government Departments and agencies across a wide range of services activities will take positive action in working with private sector promoters to create more jobs; moreover, the Government are to consider, following in-depth examination, the various options in the area of taxation identified by the Task Force on Jobs in Services, some of whose recommendations were given effect in the 1994 Budget.
- the development of community-based work, with work experience and training, to a level where before the end of this Programme 100,000 people will through work experience, education and training, be working to improve their prospects of access to sustainable employment and enterprise and, in the process, participating in the development of the areas in which they live.

1.10 The Government and the social partners have agreed that these reinforced policies for work will be pursued continuously and progress will be monitored by the Central Review Committee throughout the period of the Programme. The Central Review Committee will take account of the views expressed and the positions agreed upon by the National

Economic and Social Forum and the National Economic and Social Council in providing updated recommendations to Government as required in the light of the emerging trends in employment and unemployment. In this regard, the NESF will, in accordance with its agreed work programme provide regular and action-oriented recommendations to Government on measures to tackle unemployment. The NESF will pursue its work on the link between growth and employment, including the various dimensions of competitiveness, especially the national capacity for innovation and will provide action-oriented advice to Government based on it.

The European Union Dimension

1.11 The European Union dimension is of vital significance to the achievement of the key objective of this Programme — the creation and maintenance of employment. During the PESP, Ireland's full participation in the then Community, now Union, in line with the strategy and aims set out in the Programme, was a strongly positive factor conditioning Ireland's superior economic growth and convergence.

1.12 The parties to this Programme support the continued fullest participation by Ireland in the new phase of integration initiated by the Maastricht Treaty and support the Government's continuing commitment to achieving Economic and Monetary Union and a single currency. Ireland's experience shows that successful convergence is fully compatible with, and indeed, a necessary foundation for healthy growth.

1.13 The Union now has an agreed basis for financing up to 1999, and has agreed on a major increase in allocations to Ireland from the Structural Funds and a new Cohesion Fund which will benefit Ireland greatly over the period 1993-99. The Treaty on European Union has come into force since 1 November, 1993, and its implementation is going ahead purposefully.

1.14 Ireland has placed the need for co-ordinated action to retain and create jobs at centre stage of the EU agenda. The issue of growth, competitiveness and employment has featured on the agenda of all the recent European Councils, most notably at Brussels in December, 1993. That Council had before it a European Commission White Paper on the issue which analyzed in detail the economic and social situation in the Union. The urgency of the situation exemplified in the unacceptable figure of 17 million unemployed throughout the Union was recognised by the European Council which adopted an action plan designed to reduce the level of unemployment significantly over the next six years by a combination of measures at national and Community level.

1.15 The action plan has been set within a general framework emphasising the following:

- economic policy guidelines involving a stability-oriented monetary policy, low inflation, curbing excessive budget deficits, and moderate income growth; the guidelines are designed to deliver low interest rates as the basis for increased investment, output and employment,
- an open system of world trade based on the principle and practice that only a system of multilateralism can provide effective support for recovery; the successful conclusion of the GATT negotiations will constitute a decisive step forward in this respect,

- a European economy geared to solidarity; this demands that solidarity must be shown between those with jobs and those without; in addition, solidarity must contribute, by means of a comprehensive policy covering both prevention and reintegration, to the fight against social exclusion; solidarity must also be shown between regions in the context of economic and social cohesion,
- the growing trend towards decentralisation in today's world, reflecting the increasing importance of the local level; it also underlines the need to exploit the full potential of the new technologies and to mobilize to a greater extent the job creation potential of small and medium-sized enterprises.

1.16 The parties to this Programme fully endorse the above general framework and also the domestic policy framework set out in the action plan. In brief, the latter encompasses structural measures to help create jobs, including improved education and training systems, greater labour market flexibility, economically sound reorganisation of work at enterprise level, targeted reductions in the indirect costs of labour, especially less-skilled work, and better use of public funds set aside for combating unemployment through more active policies to help job seekers. These principles underlie many of the specific proposals set out elsewhere in this Programme. The parties to the Programme also look forward to the vigorous implementation of the Community dimension of the action plan, particularly that relating to improving the Community's infrastructure.

1.17 The parties to the Programme also note and endorse the increasing stress being placed on transparency and openness in European affairs. It is particularly important that citizens of the Union are kept fully informed on Union affairs, especially in the run up to the 1996 Inter-Governmental Conference. The new communications initiative on European Union affairs announced in the 1994 Budget will have an important role to play in Ireland in this regard and is endorsed by the parties to the Programme.

Sustainable Employment

1.18 Sustainable employment expansion is dependent upon increased competitiveness which:

- reflects the full range of operating costs for the whole economy, private and public,
- requires that inefficiency and rigidity should not be allowed to threaten the long-run viability of Irish employment,
- fundamentally depends on the capacity of Irish firms to innovate, to meet the needs of changing markets and to respond flexibly to the changing circumstances of customers at home and abroad.

Income Developments

1.19 Consensus on responsible income developments at national level, and the degree of certainty this produces for business, within the framework of sound macroeconomic policies is a crucial element in achieving competitiveness, employment growth and the reduction of unemployment. Likewise, a responsible consensus on the evolution of public service pay provides the necessary degree of certainty to underpin continuing tight control of the cost of public services. Improved planning of such costs facilitates the freeing-up or better utilisation of resources needed for the improvement of the cost-effectiveness or efficiency of the operation of the economy as a whole. It is against this background that pay increases have been agreed in the context of this Programme.

1.20 The paragraphs which follow concentrate on setting down an action agenda and specific measures in the areas of:

- the strengthening of indigenous industry and the attraction of overseas investment,
- the contribution of the construction industry to growth and development,
- the development of the services sector,
- the development of the tourism sector,
- support for start-up businesses and enterprise development,
- the growth potential of the marine sector,
- the development of human resources,
- labour market legislation and the world of work,
- community employment and area-based responses to unemployment.

1.21 Ireland's policies for economic growth recognise the competitive advantage implicit in our relatively unspoilt natural environment and the need to balance development activity and environmental protection in the interests of long-term sustainability. Traditional perceptions of environmental protection as a cost factor, inhibiting economic development, have been replaced in national and international thinking by a strong recognition of the interaction between environmental quality and long-term economic success. Our high quality environment is a key ingredient in allowing the economy to develop and to generate high quality jobs, particularly in the food and tourism sectors. Protection of our natural and cultural heritage is a cornerstone of the tourism industry, a sector which has been targeted for significant further growth under the National Development Plan. Public investment in environmental service provision and enforcement of environmental legislation must be complemented by the application of sound environmental principles and practice within the economy. Environmental protection requirements will continue to have due regard to the competitiveness of existing industry. They will generate potential for the expansion of employment opportunities in eco-industry, notably in environmentally friendly technology, products and services, and in recycling.

Employment in Industry

1.22 The generation and maintenance of jobs in industry and business is critically dependent on competitiveness. Competitive firms are able to sell goods or supply services that are better, different or more profitable than the opposition. Firms that can do so, if they are flexible in response to changing markets and seen as reliable suppliers, will be able to hold and even increase employment levels. Those characteristics of competitiveness in firms are crucial and must be supported by policies and consensus at national and enterprise level. Industrial policy will, therefore, emphasise capability-building, innovation and expertise. Innovation encompasses not just research and development policies but also the process of change, positive flexibility, adjustment and upgrading of marketing, infrastructure, and tax reform. The emphasis of policy in relation to supporting competitiveness in firms, and initiatives involving groups or networks of firms, will be placed on building their resources to improve expertise and their ability to establish product/market strategies that foster a closer relationship with their customers and the changing requirements of markets.

Indigenous Industry

1.23 The development of the indigenous sector of industry and services is a key priority of this Programme. The primary focus of this strategy will be on improving the competitiveness of Irish-owned industry, in particular those segments where improved competitiveness will yield most in terms of increased output/value-added, employment and impact on incomes within Ireland.

1.24 Support directed at upgrading competitive capability at firm level, which will include support for Management Development and Research and Development, will be aimed at increasing the profitability of firms and creating a sound basis for a subsequent extension of capacity.

1.25 The new agency for the development of indigenous industry, FORBAIRT, which brings together the IDA's indigenous industry functions and the technology development responsibilities of EOLAS, will have a crucial role in revitalising Irish industry. The efficiency and effectiveness of this arrangement will be kept under continuous critical review to assess and maximise its contribution towards delivering an improved service to industry.

1.26 Support for indigenous industry will be provided under three main headings:

- building competitive capability at firm level,
- encouraging companies to expand capacity, and
- building capability at industry level.

1.27 Under the National Development Plan, the aim is to achieve 11,000 gross jobs per annum on average in indigenous manufacturing and internationally-traded services companies. Indicative targets for particular broad sectors of activity include:

- the objective will be to generate 2,500 jobs per annum on average in the *food and drink sectors*. The Report of the Expert Group on the development of the Food Industry sets out the strategy for development of the sector,
- software, telemarketing and other *internationally-traded services* are expected to provide 1,000 jobs per annum on average,
- the development of *small businesses* in manufacturing and internationally-traded services is expected to generate 4,500 jobs per annum on average,

- other *medium to large manufacturing* operations are targeted to produce 2,500 jobs per annum on average,
- *linkage* activities are planned to give rise to an additional f200 million in sales, mainly to electronics companies. Some 500 jobs per annum on average are targeted from the development of linkage opportunities.

Industrial development in the Gaeltacht envisages the creation of at least 3,600 new jobs together with a substantial number of part-time/seasonal jobs. A specific strategy aimed at reducing job losses in Gaeltacht industries will be implemented. An overall net increase in employment of some 1,920 jobs in Gaeltacht industries over the period 1994-1999 is envisaged as a result of this strategy.

Linkages

1.28 The emphasis on maximising linkage opportunities will include the development of networks of complementary indigenous suppliers that can give a comprehensive, integrated supply service to large corporations located here or to their associated companies abroad and the public sector. Consideration will be given to the proposal for the development of a comprehensive linkage programme involving FORBAIRT, An Bord Trachtala and IBEC. In order to achieve these targets, strategies adopted by FORBAIRT and An Bord Trachtala, as appropriate, will address issues of:

- scale,
- capability/technology,
- domestic market opportunities and export market development.

Irish companies will be encouraged to adopt increasingly demanding standards in:

- customer service (design and development, Just-in-Time delivery, etc)
- statistical process control (preventative maintenance and stock control)
- new product and process technologies.

1.29 ABT will launch a new programme to help Irish companies to increase their sales to the public sector in Ireland. An increase in excess of £100 million per annum will be targeted. This initiative will also strengthen Irish suppliers' ability to enter and compete successfully in much larger overseas public sector markets. Consideration will be given to how best to assist linkages and sales to the public sector and whether such measures could be delivered on a commercial basis in the context of the overall programme of linkages outlined above.

Initiatives for Quality Improvement

1.30 Technology services provided by the State development agencies will be better focused to improve the competitiveness of industry. The involvement of industry sectors in the design and delivery of programmes will be encouraged through more active promotion and awareness campaigns, in consultation with the social partners. These will be undertaken by FORBAIRT, (including the National Standards Authority of Ireland) in consultation with the social partners, in programme areas such as cost reduction, production/process development, ISO 9000 and other quality-related programmes. The introduction and implementation of World Class Manufacturing (WCM) throughout Irish industry will be encouraged and supported. In this connection, a review of WCM is currently being undertaken by FORBAIRT.

1.31 Consideration will be given to the role of FAS training programmes in assisting companies and enterprises, in which the necessary conditions of involvement and flexibility exist, in the introduction of new forms of work organisation.

Employee Co-operatives and Co-ownership

1.32 The Co-operative Development Council and the Co-operative Development Unit established under the PNR/PESP will be continued to promote and develop viable worker co-operative business ventures. The question of future funding for these initiatives will be examined in consultation with the social partners. Consideration will be given to facilitating the development of other forms of employee involvement in the ownership of enterprises where this is desired and can contribute to the development of viable businesses.

Innovation Through Research and Development

1.33 The Government believe that a further sustained effort is needed to increase the innovation capacity of Irish firms and researchers. A specific Research and Development sub-programme will be adopted as part of the Industry Development Programme for 1994-1999, in agreement with the European Commission. Increased emphasis will be placed on the contribution of spending under these programmes towards increasing competitiveness in industry.

1.34 Technological and scientific competence are critical for competitiveness. Higher education institutions have a role to play in the continuing training of the workforce, particularly in high technology areas where knowledge becomes redundant within a relatively short time. It is intended that existing links between both sides of industry and the higher education sector for the continuing training of highly skilled personnel will be strengthened and further developed. Interaction between both sides of industry and universities, colleges and research institutes is vital and will be sought in each of the programmes.

1.35 The main objects of the sub-programme are to increase:

- company-led R&D (including projects of the type covered by Measure 6 in the 1989-1993 CSF),
- evaluation by firms of their R&D potential,
- the amount of third-level research activity that will contribute to upgrading of Irish firms (through the Programmes for Advanced Technology in particular), and

to develop Regional Technology Centres, located at Regional Technical Colleges, which will offer technological support to industry sectors in areas like toolmaking, plastics technology/polymer products, food and timber products. They will also support industry by offering services in specific technologies such as industrial controls and clean technology. The centres will aim to provide a critical mass of R&D capability required by firms, within individual colleges, thus avoiding fragmentation of effort.

Employment Protection

1.36 Initiatives aimed at the maintenance of jobs are:

- FORBAIRT programmes for assisting firms to raise their capability and competitiveness levels, thus assisting the protection and the expansion of employment.
- a Competitiveness and Employment Protection Unit (CEPU) has been established in the Department of Enterprise and Employment to co-ordinate and oversee the provision of assistance to firms in difficulty. Firms with difficulties will be encouraged to contact the Unit, which, while not providing subsidies, will offer the full support and advice available under the whole range of State programmes for industry and business,
- through the CEPU, employers will be encouraged to consider options other than redundancies, where these would be appropriate and would not affect the future viability or competitiveness of the firm. The CEPU makes use of all available sources of information, including notifications under the Protection of Employment Act, 1977, for the purposes of identifying difficulties for which the resources of State agencies might be deployed to assist firms,
- it is proposed to amend, in 1994, the provisions of the Protection of Employment Act, 1977, arising from an EU Council Directive. The main purpose of the amending legislation, as set out in this Directive, is to strengthen the Act's provisions concerning consultation with employee interests about collective redundancy proposals,
- a review will be undertaken, in consultation with the social partners, of the strategies in relation to job retention and specifically of the operation of the Competitiveness and Employment Protection Unit. The review will address:
 - (a) strategies that can cushion short-term economic downturn and structural problems,
 - (b) factors inhibiting early warning of impending closures or redundancies,
 - (c) the existing resources and future needs of the CEPU, including staffing levels and expertise,
- a new measure to support adjustment will be proposed to the European Commission, under a proposed ERDF Initiative for the management of the impact of industrial change,
- for the clothing and footwear sector, two special temporary initiatives aimed at improving competitiveness have been introduced:
 - (a) a specific R&D Scheme run by the industrial promotional agencies and
 - (b) support under the FAS Training Support Scheme.

These initiatives, which are to run for a 12-month period, and which will be financed from a special allocation of up to £5 million, will assist companies in introducing new technology, training and in improving quality and design associated with the introduction of new methods. A review of these two schemes will be undertaken.

Export Promotion

1.37 In the development support provided by An Bord Tráchtála, particular emphasis will be placed on:

- helping the export sector to overcome the problems caused by peripheral location, and to develop a sustainable share of key markets,
- strengthening marketing capability through training, consultancy and placement of marketing graduates,
- promoting Irish goods and services through provision of market research services and market information and through group promotion,
- providing grant support for companies to help them enter new markets and consolidate market share.

It is projected that this development support will yield an increase of an average of 9% per annum in exports by indigenous industry.

1.38 The Programme for a Partnership Government 1993-1997 commits the Government to ensuring that more Irish salespeople are located in overseas markets where their companies are doing, or intend to do, business. The EUROPLACE Scheme aims to more than double, by 1996, the number of the on-the-ground Irish salespeople from 60 to 150. The European Orientation Programme will be reviewed, with a view to expansion and particular emphasis on improving its marketing focus.

1.39 Increased emphasis will be given to further diversification of Irish exports to, and increased market share in, markets with high growth potential.

Employment in State Companies

1.40 The commercial State sector, which employs 70,000 employees and is the repository of substantial expertise and skills, must continue to play a key role in the further development of the economy. The Government's policy on ownership of State companies was set down in the Programme for a Partnership Government and the policy, therefore, favours further development of the State sector so that it can contribute to employment growth in Ireland.

1.41 The most significant contribution which the State enterprises can make to national economic and social development is the delivery of services which are efficient, effective and able to compete in the markets they serve. In addition, State enterprises will consider, where possible, the issue of productive job growth in the context of their mandate to manage and develop profitable enterprises. The State companies will be encouraged to use their entrepreneurial and business expertise to advantage in developing new business opportunities and new products and services, notably where there are obvious synergies with their existing strategic sectoral roles.

Direct Inward Investment

1.42 The focus of strategy for the promotion of inward investment under the National Development Plan 1994-1999 will be to concentrate on the sector and market niches in which Ireland has the greatest competitive advantage. The target for inward investment is to achieve 9,000 gross jobs per annum on average over the period of the Plan.

1.43 A second pillar of the approach to maximising the benefits of inward investment will be to seek to achieve an increased level of linkages between indigenous and foreign-owned firms — as outlined above.

1.44 In the Industry Operational Programme 1994-1999, it is intended that the inward investment sub-programme will comprise a measure targeted at the further integration into the Irish economy of overseas-owned firms already located in Ireland as well as measures directed at attracting international mobile investments to generate new job opportunities and to inject new skills and new technologies into the Irish economy. A range of sectors will be targeted but pharmaceutical, healthcare, electronics, precision engineering and software will continue to be the subject of a special focus.

1.45 The Government's policy will continue to be directed at promoting the development and application of strong, regionally focused, EU policies which can act as positive instruments for development and cohesion within the Community. As the sheer scale of State aids in the richer and more central regions undermines the competitiveness of the less-developed regions, the Government will press strongly for a progressive reduction in the overall level of State aids, while pressing for a strong positive differential in the level of State aids available in the poorer or more peripheral States, as compared to their richer counterparts.

The Construction Sector and the Infrastructure for Development

1.46 The building industry gives direct employment to about 71,000 people and indirect employment to about 29,000 in ancillary industries, accounting for about 10% of those at work. There is substantial under-utilisation of building capacity and due to the nature of the industry, it is particularly well placed to enable output and employment to increase rapidly.

1.47 While in the medium to long term, construction investment cannot grow faster than the overall rate of growth in the economy, it also provides the essential infrastructure for further economic expansion. Public capital expenditure has an important role to play in the provision of social, economic and productive infrastructure. However, given the scarcity of public resources, private sector investment, encouraged by general economic expansion, must be a primary source of growth for the sector. The recovery of private demand for general contracting will be boosted by projected economic growth under the National Development Plan, low and falling interest rates and emerging signs of a recovery in business and consumer confidence.

1.48 The Government are committed to creating a sound environment for the expansion of building output and employment. They are also committed, given the constraints on public finances, to the use of private sector finance in the provision of public infrastructure. Investment of up to 2100 million will be sought through tolling of national primary roads. These funds will be used to increase the existing funding levels as set out in the National Development Plan. The Government agree, in principle, to consider, in consultation with the social partners, the cost effectiveness of using private design, build and finance packages for suitable general contracting projects in the State sector e.g. courthouses, Garda stations. Such projects would involve no initial capital cost to the Exchequer; but the annual cost must be competitive in relation to conventional financing arrangements. If a suitable package is submitted for any high priority project, the Government will consider it on its merits.

1.49 The Government are conscious of the need to place emphasis on the necessity to improve infrastructure, as an aid to the improvement of our competitiveness as recommended by the Culliton Group and the Moriarty Task Force, including national primary roads investment and remedying deficiencies in water and sewerage services which have, in the past, limited industrial development in certain locations. The Government will give priority, through the National Development Plan and the Public Capital Programme, to the development of this necessary infrastructure to underpin the improvement in competitiveness required for sustainable job growth.

1.50 The Public Capital Programme (PCP), assisted by increased E U Structural Funds, has been a significant vehicle for encouraging construction activity. The PCP provision for public works accounts for about one-third of building output. PCP expenditure affecting the construction industry is estimated at f1.48 billion in 1994. This represents an increase of 2124 million and a 6% volume increase on the outturn for 1993, which itself showed an increase of 17% on the outturn for 1992, primarily due to the availability of 2147 million of EU Cohesion Funds. Direct building employment in public-funded projects is expected to increase by a net 2,600 jobs during 1994. Indirect employment in ancillary services to the industry is also expected to increase.

1.51 Total long-term investment needs for the national primary road network are estimated at E3 billion. The Government's overall objective is to complete the development of this network by the year 2005 to ensure a satisfactory level of service by that date. The National Development Plan provides for an investment of E1 billion in this network in the six years to end-1999. The Plan also provides for increased investment in the national secondary network.

1.52 Investment in non-national roads is required to support industrial and tourism development, to sustain agriculture and the rural economy and to assist local development initiatives. In the period 1994 to 1999, the National Development Plan provides for an investment of E475 million in these roads. This is £120 million more than was provided under the 1989 to 1993 Plan and the proposed average annual provision will be 11% higher than under the previous Plan.

1.53 The total road investment programme will provide an estimated annual average of 9,000 construction-related work years of employment in each of the years 1994 to 1999. The infrastructure provided through the planned roads programme will be critical for the overall programme of job generation. It will also have important supply side impacts in terms of permanent increases in GNP and employment in the economy.

1.54 A balanced transportation strategy is required for the Greater Dublin Area to support the regeneration and development of the metropolitan economy and to improve access to employment opportunities. Substantial investment is proposed in a number of interlocking areas, including the construction of a core light rail network, the completion of the motorway C-ring, the provision of an effective access route to Dublin Port, the introduction of Quality Bus Corridors and the strengthening of traffic management and enforcement. The publication of the Dublin Transport Initiative Final Report, after completion of the consideration by the committees steering the DTI, will greatly assist in reaching final decisions on these proposals.

1.55 Projects to the value of about E2 billion have been identified as being required to meet the long-term needs under the water and sanitary services programme. Under the National Development Plan 1994-1999, E605 million is provided for capital investment in such projects. This planned investment should sustain about 2,000 direct jobs. Support for investment in water and sanitary services will mainly come from EU Cohesion Funds.

1.56 The Urban Renewal Scheme has proved a remarkable success. Projects with a total value of over E1 billion have been proposed, made up of schemes worth an estimated £645 million in progress or completed and further projects worth E423 million in various stages of planning. A new Urban Renewal Scheme will be introduced with a more focused approach, and an emphasis on refurbishment. The scheme will encourage industrial building as well as residential development, in the interest of encouraging employment in inner-city areas.

1.57 Provision is made in the Local Development Programme of the National Development Plan for an urban renewal sub-programme. This sub-programme will seek to improve the fabric of the built environment through a wide range of selective work including environment upgrading, architectural conservation, streetscape improvements and urban landscaping. These works will, where appropriate, include cultural, heritage and conservation projects.

1.58 Steps have been taken in recent years to ensure that the development control process under the Planning Acts operates as efficiently as possible. An Bord Pleanála is now determining all but the most exceptional cases inside the statutory target period of 4 months. The degree of certainty thus created will continue to facilitate development with job creation potential. For the future, the operation of the development control process will be monitored on an ongoing basis to ensure that optimal efficiency is achieved and that timescales are minimised. The Government are committed to ensuring that the regulatory process in general operates as efficiently as possible and that delays are avoided.

1.59 The Government Contracts Committee agrees to meet regularly with the Construction Industry Liaison Committee; the first meeting will be before the end of June, 1994. The main purpose of the regular meetings will be to review and recommend appropriate changes to the conditions under which contracts operate in the public sector, so as to ensure efficiency and equity between client and contractor. It is the Government's policy to use the accepted contract conditions at tendering stage and for construction; while it recognises that variations will be necessary to deal with specific needs on certain contracts, amendments should be considered and recommended through the liaison mechanism. Best industry procedures and established good practice will always be observed; the industry's established Liaison Committee's Practice Notes will be reviewed by the liaison group in this context. The Government also commit themselves to ensuring that payments to contractors and their sub-contractors are made in accordance with contract conditions.

Services

1.60 The Government recognise the contribution that the services sector has to make to employment generation. Some 60% of total employment in Ireland is in the services sector. The pace of structural change within the global economy and the increasing shift in OECD countries toward knowledge-based, service-oriented activities clearly indicates that most new jobs are going to be in services businesses.

1.61 The Government are committed to pursuing actively the potential for growth through:

- (i) maintaining and, where necessary, extending existing successful measures such as the International Services Programme,
- (ii) taking appropriate action on foot of consideration of the Report of the Task Force on Jobs in Services,
- (iii) identifying further action needed to facilitate job generation in services, including specific service sub-sectors such as financial services, personal services, retail, distribution, leisure and entertainment, cultural services and the film industry, year-round English language training services and childcare services.
- (iv) putting in place the organisational changes needed to ensure that these measures are acted upon quickly and in an effective and coherent manner, supported by appropriate resource allocation.

Organisational Changes

1.62 Amongst the organisational changes to be made by Government will be the assignment to the Department of Enterprise and Employment of overall responsibility for the promotion and co-ordination of policy on services; that Department will establish a new unit dedicated to the development of policy and the central co-ordination of information on service activity. Primary responsibility for promoting trade in services will be assigned to the Department of Tourism and Trade.

1.63 Other Departments and agencies, as appropriate, will be required to designate officers responsible for promoting services and be asked to formulate plans to promote services through the reallocation of resources internally, removing regulatory and other barriers and alleviating compliance procedures (especially in the PRSI, Income Tax, VAT and Corporation Tax areas).

1.64 Consideration will be given to establishing single contact points for all State Development Agencies, together with the possibility of establishing a referral system between those contact points and the parent agencies. The potential of County Enterprise Boards to perform this function will be examined.

Improved Business Development Support for Services

1.65 Resources will be allocated to the Department of Tourism and Trade to enable ABT and other relevant agencies to engage in market identification and the dissemination of information on service opportunities.

1.66 Resources within the Central Statistics Office will be reallocated or increased, where appropriate, so as to allow for the improved collection and compilation of service statistics, which will be required for the services information base that it is proposed to establish.

1.67 Programmes will be developed by the Departments of Enterprise and Employment and Tourism and Trade, as appropriate, to:

- encourage Irish service companies to trade internationally,
- foster indigenous services enterprise, especially in new services areas,
- support services businesses willing to undertake joint overseas marketing programmes and/or share foreign sales offices, and
- assist Irish services consultants in technical, medical and other areas to compete for overseas contracts, for instance, from the EU, EBRD and the World Bank.

1.68 Mechanisms to increase trade for Irish services enterprises will be examined, for example, by investigating domestic market opportunities, by the enhancement of ABT's public procurement programme (which now includes services) and exploring the scope within Ireland's overseas development aid to secure further business for Irish companies.

1.69 Consideration will be given to developing service initiatives with an employment expansion or retention potential. In particular, An Post will be encouraged to use its new mail sorting facility to develop new service products in related areas, for example in direct marketing and mail order. Similarly, Telecom Eireann will be encouraged to build on its existing telemarketing operations in order to offset job reductions arising from new technology.

1.70 Other issues raised in the Report of the Task Force on Jobs in Services such as reviewing the operation of Special Trading Houses, so far as services are concerned, and bringing forward legislation to provide for the registration of service marks will be pursued by the relevant Departments and agencies. The efficiency of the patent and trademarks registration system will also be improved — additional staff will be allocated to that function.

Review of Incentives for Services

1.71 The Government recognise that the treatment afforded to services as regards the availability of incentives, including tax treatment, requires consideration and will examine options developed by the Task Force on Jobs in Services, the Central Review Committee, the National Economic and Social Council and the National Economic and Social Forum which address this issue.

Financial Services

1.72 The Government recognise the contribution to the Irish economy, through the creation of high quality employment and the generation of foreign earnings, which the international Financial Services Centre is making.

1.73 Already some 220 active projects have created some 1,400 jobs and have undertaken to create a further 1,400. These companies provide direct employment for Irish graduates and professionals and create substantial ancillary employment in a wide range of service firms, from legal and accounting services, to software and general services. The participation of foreign companies in the IFSC has also provided a valuable source of training in areas of expertise new to Ireland.

1.74 it is intended to pursue a policy of creating an attractive and efficient infrastructure, establishing a competitive and stable business environment and promoting the development of new business.

Business Environment

1.75 Since it was established in 1987 a programme of legislation has been undertaken to facilitate the growth of business in the IFSC. New legislation will be introduced this year for the regulation of foreign trusts, closed-ended investment companies and limited partnerships. The 1994 Finance Bill will contain the tax provisions necessary in this regard and other provisions which will assist the development of the Centre.

New Business Development

1.76 The IFSC Committee has been restructured so as to facilitate an increased input from the financial industry in policy formulation. Working groups have been formed and are examining the development of new products in areas such as insurance, funds, banking and corporate treasury. it is hoped that broadening the range of services on offer from the Centre will secure the competitive position of the Centre internationally. Industry assistance in the international marketing of the Centre will also be encouraged.

Infrastructure

1.77 The ongoing development of the Customs House Docks Area will be pursued so as to provide a high specification location suitable for the conduct of internationally competitive financial services and to further the process of urban renewal. 1994 will see the resumption of major construction work in the Area, with work beginning on the next phase of office accommodation and commencement of a substantial residential complex and leisure facilities. As a result, a significant number of construction jobs will be created on site and in supply companies.

Aviation Services

1.78 The Minister for Transport, Energy and Communications has recently prepared an Irish Aviation Policy statement further to the commitment given by the Government. A strategy for the implementation of this policy will be developed in 1994.

1.79 Ireland is unique in the European Union in the extent of its reliance on air and sea transport for international trade and therefore a national policy which secures access to overseas markets and overcomes the disadvantage of geography is essential. A high quality distribution network is vital to taking full advantage of the European market and of new markets opening up in other parts of the world. Increased access and capacity is also crucial to expanding our tourist industry. Air travellers are high yield tourists and access fares represent a significant proportion of total spend by tourists which accrues to the Irish economy when an Irish carrier is used. The intensification of competition, the trend towards 'Just in Time' in industry, combined with the need for speedy access to markets makes all year round passenger and freight services an essential component of competitiveness. In this regard the National Plan places considerable emphasis on the investment requirement of airports. The investment programme for the State Airports at Dublin, Shannon and Cork over the next six years, which will be co-financed by Aer Rianta and EU Structural Funds, is required to upgrade existing capacity and to provide new capacity to cater for traffic growth and to maintain service, quality and safety standards.

1.80 Competitive access transport links are essential in the ongoing development of trade and tourism between Ireland and the rest of the world. Ireland has consistently supported moves for greater liberalisation, subject to certain safeguards, of air transportation both within the EU and the International Civil Aviation Organisation. In doing so, the Government's objectives are to increase the number of air services to and from Ireland and open up new market opportunities worldwide for the Irish aviation industry. Government support for further liberalisation has been, and will continue to be, subject to the provision that fair competition rules apply and Irish operators are not subjected to predatory behaviour by their competitors.

1.81 An air transport industry which is based in this country will be more likely to serve the broader interests and support the development of both industry and tourism. It will also assist in the further development of the aerospace industry in this country.

1.82 Over the past three years the Government have actively sought, through bilateral agreements, new opportunities for Irish operators to provide air services in markets worldwide. The Government will continue the process in the coming years. The Government have also extended the scope of bilateral negotiations beyond merely seeking traffic rights for Irish airline operators. New business opportunities are also actively sought for Irish operators across the whole spectrum of the aviation sector. Insofar as freight is concerned, the Government are committed to a very liberal regime which will provide access for Irish operators to freight markets worldwide.

Music Industry

1.83 The Irish music industry is developing as a major internationally traded service. The industry includes composing, publishing, performance and recording of music, sales and distribution of tapes and compact discs and associated services. There is already significant employment in these areas and there are real opportunities for increasing employment in the industry if advantage is taken of the technological, structural and legislative changes now taking place in the world-wide music industry. A detailed examination of the industry will be undertaken to identify the potential for job creation.

Film Industry

1.84 The Report of the Special Working Group on the Film Production Industry, which was published in 1993, identified a range of measures, designed to provide significant employment and value-added to the Irish economy. In the light of this report, certain measures have been taken to develop the Irish Film Industry, including the re-activation of the Irish Film Board to provide development and production finance for film projects, and the expansion of existing tax incentives available for investment in Irish film-making companies. The potential for developing employment in the film and audio-visual sector will be vigorously pursued.

Car-Testing Services

1.85 A car-testing system will be introduced on a self-financing, phased basis between 1996 and 1998. It is anticipated that this will give rise to some 300 jobs directly and to further spin-off employment in the motor trade. It is recognised that there will be an element of redistribution of expenditure entailed by the introduction of this scheme, which could have an impact on the net employment effect.

Tourism

1.86 Tourism has been identified by Government as a key sector with potential for substantial growth in overseas revenue and in sustainable employment. Since most tourism services are labour-intensive and have a low import content, revenue growth translates directly into job generation. Tourism also acts as a powerful instrument of regional balance.

Strategies and Targets for Tourism

1.87 During the lifetime of the Programme for Economic and Social Progress, overseas visitor revenue increased by an estimated £211 million (18%) and employment sustained by tourism increased by 9,000 to 90,000. The Government have set targets for further significant growth in visitor numbers, revenue and, consequently, employment to be achieved by the end of the National Development Plan period as follows:

- increase overseas visitor numbers by 1.7 million,
- increase overseas revenue by £1 billion,
- 35,000 new jobs, including 6,000 in construction.

1.88 Tourism provides an immediate and cost-effective return on State investment to boost employment. In order to secure the projected increase in employment levels outlined in the National Development Plan, the Minister for Tourism and Trade will oversee an expansion of marketing activities. To this end, the Government have allocated £5 million in 1994. This will be directed at developing new markets and increasing penetration of existing markets. This marketing effort will be supplemented by continued EU grant-aid for the development of tourism facilities to meet identified market deficiencies and by the expanded programme of training included in the National Development Plan. This training will be tailored to the needs of early school-leavers, the long-term unemployed, first-time job seekers and existing employees.

1.89 In addition to the grant-aid under the National Development Plan, the favourable fiscal environment for tourism services will encourage investment in and improve the cost competitiveness of the industry. This investment will be complemented by measures to safeguard and improve the physical environment and to improve access and internal transport. The potential for expanded North/South co-operation in marketing tourism will be examined.

Promoting Enterprise and Developing Small Businesses

1.90 The particular problems that small businesses face in establishing themselves and subsequently in expanding their activities must be recognised. For that reason, the County Enterprise Boards have been established to assist start-ups and small enterprises. The report of the Task Force on Small Business will be available in February, 1994. It will form the basis for a strategy for the development of small businesses. It will address a comprehensive range of issues affecting the small business sector. The Government are committed to taking appropriate action arising from the report of the Task Force, on which consultations with the social partners will take place.

1.91 Following consultations with the social partners, the Government will give consideration to the removal of unnecessary administrative burdens that may be identified, particularly for Small and Medium-sized Enterprises (SMEs). New registration and tax clearance procedures will be introduced by the Revenue Commissioners to simplify tax compliance and reduce costs, especially for small enterprises.

1.92 The training needs of small firms will be given a particular focus. Special attention will be given to the identification of management development needs at small firm level with a view to devising new initiatives, if necessary, aimed at meeting these needs.

1.93 The Government accept that public purchasing agencies must have particular regard for the information needs of small businesses in their efforts to bid for public supply contracts. Within the limits of legal requirements for an open and fair procurement process and subject to the need to ensure value for public spending, SMEs must not be at a disadvantage in the procurement process because of their small size or lack of administrative structures for dealing with complex procedures.

Enterprise Fund

1.94 A major factor which has been identified is the need for smaller businesses to have access to cheaper working capital. In recognition of this crucial need, the Government are arranging for the provision of an Enterprise Fund of 2100 million, over a ten-year period, which will be made available to small and medium sized businesses on terms and conditions that have never previously existed in this country.

1.95 This measure should have a substantial effect on both the generation of new long-term jobs and also on the stabilisation of existing employment. The 2100 million will be made available in long term loans at low, fixed interest rates to small businesses. Loan repayments will be fixed at the outset of the loan. This will mean that some small businesses will no longer be at the mercy of fluctuating interest rates and will be able to plan with certainty a significant part of their business. This will provide stronger support for projects to survive the initial stages of development when they are at their most vulnerable. The Exchequer's contribution will be to subsidise the interest rate. Furthermore, there will be no personal guarantees attaching to these loans, thereby removing a threat which has inhibited the small business entrepreneur.

1.96 The Enterprise Fund will be administered by the ICC Bank operating within flexible guidelines laid down by the Department of Enterprise and Employment. Funds for the loans will be raised by the ICC Bank which will bear all credit risks.

County Enterprise Boards

1.97 The County Enterprise Boards will promote job generation by developing indigenous potential and stimulating economic activity, primarily through the provision of financial and technical support for viable small enterprises. They will assist community effort by the refocusing of available resources and the provision of a range of new enterprise support services at local level, such as advisory and counselling assistance, business information and grants.

The Marine Sector

1.98 The Marine sector covers two main areas of economic activity, the fishing sector and marine transport and infrastructure. The fishing sector covers sea fishing, inland fishing and aquaculture, while marine transport and infrastructure includes shipping, shipbuilding, boatbuilding and repair, and commercial and recreational harbour and marina development.

Fishing Sector

1.99 The main objective of fishing policy is to maintain and strengthen the fishing industry's contribution to the national economy and in particular its contribution to growth and employment in coastal communities. In respect of the sea fishing sector, the Government accept that an increased share of the quota allocated to Ireland must continue to be the core objective of Irish fishing policy — every effort will be made both in the political and legal spheres to achieve increased quotas for Ireland.

1.100 This objective will be pursued, subject to EU approval, through the implementation of a substantial investment programme in the fisheries sector under the National Development Plan 1994-1999:

- investment in the fisheries sector involving the development and restructuring of the fishing fleet, the expansion of aquaculture, the development of fish processing and marketing, training, and the development of priority fishery harbours. This is expected to result in significant increases in direct employment in aquaculture and fish processing (over 2,000 jobs) together with indirect job gains in related services,
- a significant marine research programme,
- a new programme for the development of tourism angling. It is estimated that this strategy will generate in the order of 1,000 extra new long-term sustainable jobs,
- the initiation, with the support of Structural Funds, of a targeted coast protection programme.

Additional measures include:

- management of fleet and fishing activities, general research and development in the seafood and aquaculture sectors, upgrading of health, hygiene and quality at all stages of fish production,
- implementation of policies designed to minimise and eliminate marine and freshwater pollution,
- improved safety on merchant vessels, fishing boats and pleasure craft.

Marine Transport and Infrastructure

1.101 The objective for the marine transport sector is to ensure adequate and competitive port and shipping capacity and services so as to facilitate the growth and operation of industry, agriculture, fisheries, tourism and marine recreational activities.

1.102 A major investment programme is planned under the National Development Plan. This focused development of the ports network which is an integrated part of the national transport chain will contribute to efficiency and competitiveness within the economy generally. It will also enhance the attractiveness of Ireland as a location for investment. The result will be substantial gains for the economy through growth in output and employment.

1.103 Strategic investment in ports on the west coast of Britain and road and rail access to these ports is an integral part of access transport to and from Ireland. Investment in ports on the island of Ireland is underway, therefore matching investment on the other side of the Irish Sea, within the same timescale, is essential, given the importance of trade between Ireland and Great Britain and via the UK with the rest of the EU. The Government undertake to pursue this issue vigorously with the UK and EU authorities.

1.104 The implementation of the investment programme in ports will be accompanied by major changes in the management structures of the main ports with the establishment of commercial semi-State companies. The preparation of legislation in this regard is at an advanced stage and a Bill will be circulated at the earliest possible date. Major advances in improving labour relations and cargo-handling practices have been made, and will continue, with a view to the putting in place of practices that will incorporate the most up-to-date standards.

Promoting the Operation of Competitive Markets

1.105 The Culliton Group, the Moriarty Task Force on implementing the Culliton Report and some other reports have drawn attention to, and stressed the vital importance of, an effective competition policy for our open economy. This view is further underlined in the recent NESC report “A Strategy For Competitiveness, Growth and Employment”.

1.106 While the vast majority of Irish businesses face very considerable competition at home and from overseas, it is, however, recognised that there are certain areas where competition may be inadequate or where notification requirements might be simplified. The Government, in consultation with interested parties, will give urgent consideration to these issues, with a view to promoting further the operation of competitive markets and to bringing forward such changes to the Competition Act as are required to address these issues.

Liability Insurance

1.107 The high cost of liability insurance in Ireland is putting firms at a competitive disadvantage and may even threaten the viability of some firms. A contributory factor to the high cost of insurance premia is the high cost of awards for pain and injury. The Department of Enterprise and Employment will bring forward, in consultation with the social partners, measures to deal with this question. The Government will give consideration to introducing further legislative or other changes, as appropriate, to address factors contributing to the excessive cost burden. The Government will also examine the problems, identified in a number of reports, created by the absence of employer liability insurance cover.

Developing Skills

1.108 The development of the skills and aptitudes of persons entering the labour market for the first time, of those at work and of those seeking employment is a key element in ensuring Ireland's future prosperity and continuing competitiveness. Active labour market interventions by Government in the form of training and employment opportunities, particularly for the marginalised and disadvantaged, are also an important instrument in promoting social cohesion.

Training for the Employed

1.109 The link between the skill level of the workforce and competitiveness is increasingly recognised in all developed countries. The extension of access to, and participation in, continuing training is also an essential means of improving the motivation as well as the quality of the workforce. Various recent reports have affirmed that in Ireland training for those at work is low relative to competitor countries. It is vital that sufficient attention and resources are focused on achieving an improvement in the levels of skill of those in employment. The emphasis should be on the acquisition and development of usable and marketable skills which meet the needs of industry and services, and improve the competence and capability of the individual employee.

1.110 As stated in the Culliton Report, responsibility for the training of the employed rests with business itself and in this context the Government will encourage an increase in the level of investment in both on-the-job and off-the-job training of employees. While not wishing to be prescriptive as to the modalities through which this might be achieved, the Government consider that agreed measurable indicators of performance should be identified, targets agreed and progress over the period of the Programme monitored.

1.111 It is recognised that industry must play a leading role in developing programmes and curricula with particular attention to practical needs and with an appropriate mix of on-the-job and off-the-job training.

1.112 In line with the recommendations of the Culliton Report, support for the training of people at work will be increased on an industry-led basis as outlined above, and will be matched by increases in the level of State support for such training within the constraints of available budgetary provisions. In particular, support will be given to training initiatives agreed under Clause 7(i) of the Pay Agreement.

1.113 Government commitment to increasing the skill levels of the employed is manifested in the support measures provided for under the National Development Plan. Within that context, a new Industry Division has been established in FAS to focus on the training of those at work and the key elements of its support measures in this regard are:

- the identification of key skill deficiencies by means of a strategic review of each sector and the development with industry of a customised response to meeting those deficiencies,
- exposure of firms to best international practice by support for visits, seminars and training programmes,
- services to be given an equal focus with manufacturing, with particular emphasis on indigenous firms,
- a significant increase in support under the Training Support Scheme under which training grants in the range from 25% to 65% (depending on the size of company, and biased towards the smaller-sized company) are made available,

subject to the constraints of available budgetary resources, referred to in the previous paragraph.

1.114 The possible need for other institutional or structural change in the State's support delivery mechanisms for the training of the employed will be kept under review and there will be appropriate consultation with relevant interests.

Apprenticeship

1.115 Pursuant to undertakings under the Programme for Economic and Social Progress, the new standard-based apprenticeship system was introduced for the first tranche of trades in September, 1993. The remaining trades should be assimilated into the new system at the earliest practical date.

1.116 As part of this Programme, the Government are committed to extending further the list of designated trades on a phased basis. This will be the subject of review with the social partners. Priorities will be selected, taking into account:

- the benefits to both trainees and employers arising from the introduction of a designated Apprenticeship Scheme,
- employment and cost implications,
- the need for harmonisation with other European Union training and qualification systems,
- the need to include occupations that traditionally have had a high proportion of women workers.

1.117 Having regard to the targets contained in the PESP on the recruitment of apprentices and to the impact of the new standard-based apprenticeship system, employers will seek to maximise recruitment of apprentices during the period of this Programme. In the context of the monitoring mechanisms established under this Programme, there will be a regular review of the apprenticeship employment trends. During the period of the Programme discussions will take place between the social partners on a possible Code of Practice dealing with the recruitment of apprentices within companies in designated trades. The potential of public sector bodies to contribute to the expansion of apprenticeship opportunities will be reviewed during the course of the Programme. Measures will be taken to enhance the monitoring of on-the-job training, which is the statutory responsibility of FAS.

1.118 The possibility of making it a term of public sector construction contracts that an agreed number of apprentices should be employed on such contracts will be examined by the Government in consultation with relevant interests.

Equity in the Recruitment of Apprentices

1.119 There will be a commitment by the social partners to the elimination of inequity in the recruitment of apprentices and to the promotion of the recruitment as apprentices of persons who traditionally have been under-represented in apprenticeship, including women.

1.120 Specifically, and through the aegis of FAS, a Code of Practice for the recruitment of apprentices will be developed in consultation with the social partners, and, when finalised, will be actively promoted and adopted by them.

Labour Legislation and Labour Market Initiatives

1.121 Significant progress was made under the two previous Programmes in the field of labour legislation. During the course of this Programme, the development and operation of labour legislation generally will be reviewed on an ongoing basis, in consultation with the social partners and other interested parties, as appropriate. This process will, having regard to the employment objectives of the Programme, take into account the impact of legislation on the operation of the labour market.

1.122 Arising from earlier Programmes and from commitments relating to our membership of the European Union, there have been major changes in employment law over recent years. In a period of such substantial change it is desirable that every effort be made to ensure that labour legislation is fully understood by all those concerned with its application. The Department of Enterprise and Employment will publish a revised Guide to Labour Law in 1994 with a view to providing, in non-technical terms, an updated synopsis of the wide range of labour law for which the Department is responsible.

Joint Labour Committees

1.123 Improvements have been made to the operation of the Joint Labour Committee system over recent years through up-dating the legislation, strengthening the labour inspectorate and computerising its activities. These improvements will be kept under review, including their impact on competitiveness, in consultation with the social partners, as appropriate, over the period of the Programme. In particular, steps will be taken to ensure that the minimum pay rates set by Employment Regulation Orders are enforced.

Work-Sharing, Working Time and Holidays

1.124 The Programme for a Partnership Government supports the introduction of a National Voluntary Scheme of Work-Sharing by utilising tax and other incentives to ensure the participation of the largest possible number of people in employment. Further discussions will be held with the social partners and consultation with other interested parties is underway. The Department of Enterprise and Employment has initiated a study on the matter and a final report is due by June, 1994. Issues for consideration in devising an appropriate scheme include: the impact on employment/unemployment; income sharing; incentives; costs; long-term impact; gender and disability issues: shift work; overtime; career breaks; parental and family leave; educational leave and job sharing.

1.125 It is proposed to introduce new legislation within the currency of this Programme with the dual purpose of implementing the EU Working Time Directive and replacing a large body of existing, outdated employment legislation. As well as including provisions concerning working time and rest periods, the Directive provides for 4 weeks annual paid holidays. It is proposed to have full consultations with the social partners about the implementation of the Directive. It is the view of IBEC that legislation in this area should have due regard to competitiveness, especially in the light of the derogation granted to the UK. A review of existing holidays legislation will result in a discussion document on the topic being published in the early part of 1994.

Atypical Workers

1.126 Under existing labour legislation, part-time, temporary and fixed-term contract workers have broadly equivalent entitlements to those enjoyed by full-time employees. The review of the position of employment agency workers under labour legislation is at an advanced stage and, in this regard, there will be further consultation with the social partners and other interested parties prior to its completion. The importance of atypical workers to the economy needs to be recognised and that recognition should be reflected in consultations involving the social partners, when proposals for changes involving such workers are being considered.

Occupational Health and Safety

1.127 The main emphasis of health and safety legislation in Ireland is on the prevention of accidents and ill health in the workplace through a combination of educational and promotional activities designed to increase awareness of health and safety issues among workers and employers. A workplace inspection system is also operated and there are appropriate sanctions available to deal with breaches of the legislation. Over the period of this Programme, the National Authority for Occupational Safety and Health will continue to be active in the provision of appropriate guidance to employees and employers. Additional staff for the Authority will be provided, including a strengthening of the inspectorate.

1.128 A review of existing health and safety legislation will be undertaken with a view to removing unnecessary provisions and simplifying requirements without reducing the level of protection available.

1.129 The social partners commit themselves to ongoing co-operation on health and safety matters with a view to making workplaces safer. This will be the subject of practical initiatives at enterprise level.

Redundancy Payments

1.130 The Minister for Enterprise and Employment is giving active consideration, in consultation with the social partners, to the question of a rise in the ceiling on reckonable earnings used in the calculation of employees' statutory entitlements under the Redundancy Payments Acts and the Protection of Employees (Employers' Insolvency) Acts.

Community-Based Work and Area-Based Responses

1.131 Action to eradicate the disadvantage of long-term unemployment must be tackled as a clear priority, not only of Government, but of the trade unions, employers, farmers and the entire community. The costs of long-term unemployment go far beyond the financial implications, and include a major element of personal and social exclusion. Measures to stimulate local development, especially in disadvantaged areas, were a characteristic of the PESP and they will be continued and developed further under this Programme.

1.132 A strategy for combating unemployment must aim to:

- expand the quantity and range of job opportunities,
- ensure that the short-term unemployed and new entrants to the labour market have an effective chance to compete for jobs and do not drift into long-term unemployment,
- assist the long-term unemployed to re-enter the labour market.

Local Development

1.133 The Local Development Programme outlined in the National Development Plan recognises the importance of a local dimension to enterprise and employment creation and the importance of developing the capabilities of local communities to contribute to tackling unemployment and pursuing local development. The Local Development Programme will be developed through County Enterprise Boards, the new LEADER programme and Area Partnership Companies in designated disadvantaged areas. The programme will emphasise:

- promoting enterprise,
- developing community involvement and initiatives,
- supporting groups and individual projects/enterprises,
- overcoming barriers to employment creation,
- assisting unemployed persons to develop the confidence and skills to (re)enter the labour market,
- enhancing community life within disadvantaged areas and achieving substantial improvements in the physical environment of these areas.

1.134 The strategy for local development outlined in the National Development Plan will be further developed with concrete actions directed especially at areas with a high concentration of unemployment, characterised by social exclusion and environmental degradation. Area Partnership Companies will develop co-ordinated responses, including the contribution of relevant promotional and social agencies, to agreed priority needs within an expanded number of designated areas of disadvantage. In these areas there will be greater flexibility permitted to people participating in personal or job development initiatives.

1.135 Community Employment, which as outlined below, will enable the unemployed to undertake work of public or social value while at the same time providing them with work experience and developmental training, will be integrated as an important feature of local development programmes in disadvantaged areas.

1.136 Support will be provided to the social partners and community groups to assist them to develop and enhance the skills of their nominees to partnership companies and boards. The question of support for community development co-operatives will be considered in that context. The partnership companies will be supported by ADM Ltd, the independent company designated by the Irish Government and the European Commission to support integrated local economic and social development.

1.137 The employer bodies — IBEC, CIF and ICOS — will co-operate actively with the overall strategy for local development. The Enterprise Trust, a body formed by them, will help to co-ordinate employer input, and its role in promoting local enterprise will be examined afresh in the context of the new Programme.

1.138 The operation of the Local Development Programme, including the work of the area-based partnerships and programmes for the unemployed, will be the subject of monitoring by the Central Review Committee based on quarterly reports and will take account of the views of the National Economic and Social Forum.

A New Framework for Tackling Unemployment

1.139 A range of interventions and measures has evolved over a period of time to respond to the needs of the unemployed. It is a central objective of this Programme to ensure that active labour market policies operate effectively to combat long-term unemployment and the consequent social exclusion. The impact of these measures will therefore be strengthened through the adoption of a coherent Programme Framework. The Programme Framework will comprise:

- Foundation Training and Education,
- Community Employment,
- Skills Training,
- Employment Support,
- Counselling and Placement Services.

1.140 A broadly-based programme for the unemployed will be put in place within this framework which will provide a balanced range of options. Those will enhance the opportunities of the unemployed to obtain employment or acquire mainstream educational or training qualifications. Existing measures to target the needs of the unemployed will be co-ordinated and streamlined within the Programme Framework. Arrangements will be put in place, initially in the designated disadvantaged areas, to ensure that the unemployed can readily gain access to the guidance they may need and the opportunities which best suit their needs.

1.141 A new programme, Community Employment, is being set up to replace the SES, CEDP and Teamwork. This new programme will operate throughout the country, providing part-time work together with personal and skills development opportunities for the unemployed. In the designated areas under the Local Development Programme it will be operated as a key resource where special additional efforts will be made to improve the progression chances of participants through co-ordinated area action. Projects undertaken within the programme will be for the community and public benefit and may be sponsored by public bodies and voluntary organisations. Commercial State or private companies will be eligible for consideration as sponsors of Special Projects carried out under the Local Development Programme. The programme will provide 40,000 places on a voluntary basis by the end of 1994.

1.142 All participants in the programme will retain secondary benefits. Training and development opportunities will be a feature of the programme. Initially, development opportunities will be included in Community Employment Programmes within areas designated as disadvantaged under the Local Development Programme and will be phased as rapidly as possible into other areas during the course of the next three years. For those among the long-term unemployed who are most disadvantaged, the focus will be to provide them with meaningful community work of reasonable duration with elements of personal skill development and the potential for progression. There will be, therefore, a reserved target of 25% of places on the Community Employment Programme for the most disadvantaged of the long-term unemployed. Special consideration will be given on how best to address the needs of these persons, especially with regard to progression to mainstream training and open employment, in consultation with the Central Review Committee and the National Economic and Social Forum. The design of measures for the unemployed within the Programme Framework, including special measures for designated disadvantaged areas, will have regard to the recommendations of the National Economic and Social Forum.

1.143 The social partners commit themselves to full co-operation and flexibility both at national and local levels in the operation of employment programmes, including programmes within all parts of the public sector, so as to ensure the successful operation of these employment initiatives.

Continuing Education and Training and Related Labour Market Interventions

1.144 Industry training for the unemployed will continue to be a focus for FAS training programmes aimed at those who need to develop, enhance or upgrade their skills and labour market prospects, either at the stage prior to employment, or during a transitory period of unemployment. There will be a modular approach to education, training and work experience for long-term unemployed and disadvantaged persons. As far as possible, training will be enhanced by the active involvement of employers and the provision of ‘on-the-job’ training modules and work experience.

1.145 In the context of this Programme, the social partners commit themselves to encouraging actively employers to co-operate with FAS in the development, over a range of occupations, of a significant “work-based-training” capacity, which could then be built into existing or restructured training programmes.

1.146 It is intended to ensure that by the end of this Programme 100,000 places will be available to the unemployed within the Programme Framework outlined above. These places will be provided in community employment, in mainstream training and in second level education, thus offering a range of options suited to individual needs and a coherent basis for full integration in the labour market. This level of provision will also take account of the experience of the pilot employment initiative which is being implemented in association with the Conference of Major Religious Superiors.

Section II

Agriculture, Food, Forestry and Rural Development

2.1 The potential of the agriculture, food and forestry sectors as significant contributors to employment creation and maintenance shall be fully exploited in the new Programme for Competitiveness and Work. Together, the sectors account for some 180,000 jobs or 16% of total employment. Taking account of the indigenous and natural resource base of the sectors and the strong linkages with other parts of the economy, it is estimated that up to 30% of total employment is dependent on the farming, food and forestry sectors.

2.2 The capacity of these sectors to support existing jobs and to capitalise on emerging new opportunities depends primarily on competitiveness. Policy changes — CAP reform and, in particular, GATT — mean that between now and the end of the decade, the Irish farming and food sectors will face increased competition on domestic, EU and world markets.

2.3 Accordingly, the new Programme proposes that, for the farming, food, forestry and rural sectors, a *Programme for Competitiveness and Rural Development* (hereafter called ‘the PCRD’) should be agreed between the Government and the farm organisations.⁽¹⁾

2.4 The central objectives of the PCRD are to:

- maximise the contribution of the farming, food and forestry sectors to the national economy, in terms of employment and value-added; and
- maximise the number of viable farms and farm households in rural Ireland, at sustainable living standards in line with those in other sectors of the economy.

2.5 The principles underlying the PCRD, and its key elements to be put in place over the lifetime of the new Programme, are set down below.

2.6 The PCRD is rooted in the necessity to prepare Irish agriculture and the food sector for a more liberal international trading regime with lower levels of protection and market support. It will seek to increase the quality, cost efficiency and environmental sustainability of production, recognising that accelerated farm and agri-business structural change has to be achieved. While the main focus within the PCRD will be to increase the competitiveness of the core sectors of Irish agriculture — beef, milk, sheep, pigs, poultry and the main tillage crops — there will also be emphasis on new types of farm enterprises. As a necessary complement to the PCRD, the Government will ensure that the farming, food and forestry sectors operate in a stable policy and macro-economic environment over the rest of the decade.

2.7 A more competitive agriculture has to go hand in hand with a more active rural renewal policy. The numbers involved in part-time farming will continue to increase, and in response to this, more off-farm employment and enterprise is necessary. The aim must be to combine the full resources of agricultural and rural economies with appropriate regional, national and EU resources to maximise the development and employment opportunities in rural areas. Progress in this regard will help stabilise the population of rural Ireland, to the economic and social benefit of the country as a whole.

2.8 Apart from the more specific commitments outlined below, the Government will:

- negotiate the optimal framework at EU and international level to ensure that the move to a more competitive environment occurs in a balanced way and at an acceptable timescale for adjustment within a stable policy environment. In particular, the Government will adopt a pro-active approach at EU level to protect in full our national quotas and similar production rights so as to ensure that the productive capacity of Irish agriculture is not reduced;
- maximise the EU and associated Exchequer resources directed at supporting competitiveness, development (including alternative and new types of enterprises) and employment in the farming, food and forestry sectors;
- establish structures at policy and administrative levels within the Department of Agriculture, Food and Forestry to ensure that, as regards both the Department's own operations and the operations of other appropriate Departments and agencies, there is coherence in the formulation and implementation of comprehensive programmes relating to farming, food, forestry and rural development;
- at national level, provide a taxation, regulatory and administrative system which is consistent with the thrust of the PCRD; and
- the Government commit themselves to consultations with the organisations before significant changes to policies or administrative arrangements are made.

A Programme for Competitiveness and Rural Development

2.9 In the Programme, the Government and organisations acknowledge the emphasis which needs to be placed on reducing costs and increasing quality. This will be facilitated through a combination of public and private investment which will enable the farming and food sectors to make substantial adjustments over time. A further consequence of the PCRD, which involves accelerated structural change and measures to maximise the number of viable farms and farm households, is, in the view of the Government, that some Structural Funds schemes should be targeted towards certain, and in particular lower income, groupings.

2.10 The major sources of investments under the PCRD are the EU, Exchequer and associated private sector investment envisaged under the National Development Plan 1994-1999 (NDP). In addition, the CAP reform Accompanying Measures — relating to Farmer Retirement, Agri-Environment and Forestry — will contribute to the PCRD.

2.11 Indicative financial allocations for the various types of investments are outlined below. All of these figures under the NDP are subject to EU agreement on financing in the context of pending negotiations on the Community Support Framework.⁽²⁾

2.12 The specific commitments under this Programme are as follows:

CAP Reform Premium Payments

- The efficient and timely payment of CAP premia to farmers is a major priority for the Government and the organisations. The Government have already taken a number of steps to achieve this, particularly through investing in additional staffing and computerisation, a process which is being intensified as a result of the allocation of almost £5 million in the 1994 Estimates and Budget. As a consequence, the Government will ensure that there is a major improvement in the delivery of all CAP compensatory payments in 1994 relative to 1993. This improvement will be the first step in the Government's commitment to achieving in 1995 payment of all eligible premium claims within three months of application where this is permissible under EU rules.
- Where necessary, and at the earliest possible date, the Government undertake to seek the negotiation of changes in these EU rules to facilitate the earlier payment of the full CAP compensatory premia and to seek, at the most appropriate time, adjustments in the eligible limits per farm in the beef premium system most suitable to Irish conditions. The Government commit themselves to maintain and improve the existing procedures for dealing with complaints arising from decisions in individual cases, and, where these channels are exhausted, to put in place arrangements under which farmers will have the right of recourse to a formal appeals procedure.
- The Government will put in place arrangements for consultations with the organisations with a view to simplifying application forms and other administrative procedures involved in these schemes and making them more "user friendly" and also to addressing the setting of application periods most appropriate to Irish conditions. In addition to the payment of CAP premia to farmers, the Government are committed to improving the efficiency and timeliness of payment of export refunds and other EU amounts due to the food processing industry and exporters.

CAP Reform/GATT

- The Government will ensure that the EU budgetary provision for the reformed CAP is adequate to provide for the increased direct payments, acceptable levels of market support and the Accompanying Measures. In addition, they will keep under close review the post-1996 financing arrangements for the CAP, in the light of possible additional EU budgetary demands arising from the GATT commitments, and seek to ensure that there is adequate budgetary provision for the CAP within the overall EU financial framework.
- The Government will use every avenue open to them to ensure that EU commitments made during the GATT negotiations are fully honoured. In particular, this means that the GATT implementing measures do not involve constraints in excess of those contained in CAP reform. As already indicated above, the Government will adopt a pro-active approach at EU level to protect in full our national quotas and similar type production rights so as to ensure that the productive capacity of Irish agriculture is not reduced.
- The Government will ensure that the GATT implementing measures will have regard to overcoming the specific difficulties created by the outcome of the Round for Ireland, which is heavily dependent economically and socially on the agri-food sector and in particular on third country trade for food and agricultural products. In this context, the Government will strive to ensure with their EU partners that

the provisions relating to economic and social cohesion in the Maastricht Treaty are fully respected. The Government will ensure that the necessary action is taken to exploit the opportunities for Irish agri-food exports provided by the more liberal international trading environment.

Food Industry

2.13 The beef and dairy sectors have, in recent years, reduced their dependence on intervention support and have diversified their markets. However, much remains to be done for the food industry to become more responsive to market needs and to increase the production of value-added food products.

2.14 In this regard, the Government recognises the importance, over the period of the Programme and beyond, of:

- substantial public and private investment in research, product development, marketing and training;
- coherence and stability in agri-food policy, particularly at EU level; and
- the maintenance of a stable exchange rate and of a competitive cost structure.

2.15 The Government reaffirm their commitment to the strategy outlined by the Expert Group on the Food Industry.

2.16 As part of the measures to implement the strategy, the sub-programme for the Development of the Food Industry in the National Development Plan (NDP) will provide aid for four areas: capital investment, research and development, marketing and promotion and human resources, including in-service training. The indicative financial allocation for the sub-programme is £321 million (m), of which £150m is in the 1994-1996 period.

2.17 The breakdown of the NDP expenditure (with figures for 1994 — 1996 in brackets) is as follows:

- Investment Aid — £226m; (£111m)
- Research and Development — £44m; (£21m)
- Marketing and Promotion — £35.5 m; (£18m)
- Human Resources — £15.5m; (£7m).

2.18 The allocation of £226 million for investment aid will support capital investment and research and development activities by the food industry.

2.19 For R & D, it is the Government's intention that the balance of resources provided for public/institutional and private/in-company research should be provided in approximately the ratio as between these two types of research recommended by the Expert Group on the Food Industry. As also envisaged in the report of the Expert Group, half of the national cost of the public/ institutional research should come from the food industry and the industry should have a majority in a Committee established to guide the institutions in regard to research priorities. It is intended to allocate funds for institutional food R & D to various institutions on a competitive basis.

2.20 To ensure the promotion of all Irish food is intensified and more effectively co-ordinated, An Bord Bia will commence operations by mid-1994 and will avail of, inter alia, the marketing and promotion funds referred to above. Monies contributed by particular

commodity sectors will be used for the promotion of these sectors and would build on the lines of communication for passing back market signals from consumers to producers which have been established in the beef, pigmeat and lamb sectors. As recommended in the Expert Group report, the levy collection function of CBF would be transferred to the meat sector sub-board of An Bord Bia.

2.21 The bulk of the expenditure on human resources will be on in-service training.

Agriculture

2.22 Under the NDP (1994-1999), public funding in the range of 2200 to 2230 million, of which £100 million in the 1994-1996 period, is proposed for on-farm investment measures. This level of spending is likely to attract private sector investment of the order of £250 million over the six-year period. In the design of schemes, priority will be given to assisting farmers, particularly those in the lower income and resource categories, in complying with the new EU Directives on dairy hygiene and animal welfare and in carrying out investment relating to pollution control together with other investments necessary to ensure viability.

2.23 It is envisaged that, subject to EU approval, funding for milk, suckler cow and ewe quota restructuring, targeted at those with the capacity to develop from low production thresholds will be introduced. In this, priority categories of farmers, including new entrants, would receive special consideration.

2.24 The national and disadvantaged areas reserves of suckler cow and ewe premium rights are being allocated in accordance with criteria decided by the Minister for Agriculture, Food and Forestry in the light of EU regulations and taking account of the views of the organisations. The allocation of any surplus left over after the initial distribution and of annual additions to the reserves will be the subject of further consultations with the organisations through quota review groups, similar to that which operates for the milk sector, which will be established for the suckler cow and sheep sectors and, if appropriate, the beef and cereals sectors. Special arrangements, similar to those operating in the milk sector, will, as appropriate, be established, to deal with hardship and other exceptional cases.

2.25 The Government reaffirm their commitment to the introduction of Individual Base Areas for cereals and intend to complete negotiations with our EU partners at an early date on the detailed rules for this system including the establishment of suitable reserve arrangements.

2.26 The Government are committed to continuing encouragement for farm diversification measures and funding of the order of 235 to 240 million is proposed under the NDP (£18m in 1994-1996). Increased emphasis will be placed on support for marketing and for training, research and advice.

2.27 The operation of the following two schemes will help in achieving accelerated structural reform:

- The Farmer Early Retirement Scheme, at a cost of 2150 million over the 1994-1999 period, (£57m in 1994-1996). Additional funding for the Early Retirement Scheme will be given first priority should savings arise in the Accompanying Measures provision either as a result of underspending in other Member States or in Ireland.

- The Young Farmer Installation Aid. The Government are committed to an additional £3 million for this scheme and will consult with the organisations regarding the most effective use of these resources. Procedures will be put in place during 1994 to reduce the average processing time of aid applications.

2.28 These structural reform measures, in particular the Early Retirement Scheme, will be kept under close review to ensure that they are implemented so as to promote structural change appropriate to the circumstances of Irish agriculture.

2.29 The technology base of Irish agriculture, allied to well trained human resources within the sector, is central to the development of a competitive sector. The Government, producers and processors will contribute to the improvement of the technology base of the agri-food and forestry sectors. In the context of a research programme which involves increased public resources, the Government anticipate an increase in the voluntary contributions of producers and processors towards research, which will be allocated to research projects on a competitive basis, decisions in relation to which will be taken by Product Trusts to be set up on which representatives of the contributors are in a majority.

2.30 The Government reaffirm their intention in the context of the NDP to provide the funds necessary to underpin an effective research, advisory and training programme through Teagasc. In this context, additional resources of 25.5 million were provided for development and re-structuring within Teagasc in the 1994 Budget. A Three Year Plan to be drawn up by Teagasc will set out the main priorities which the organisation has in promoting adjustment and development in the Post-GATT Agreement situation.

2.31 The Government undertake to review, at an early date, the system of grants to those undertaking Teagasc courses in the light of the resources available and the rates payable to FAS trainees and students attending courses in Regional Technical Colleges.

2.32 The positive environmental status of Irish agriculture and food is a major advantage, not just from an environmental perspective, but from a marketing perspective. The Government are committed to the introduction as soon as possible in 1994 of an Agri-Environmental Accompanying Measure, on a basis which takes due account of Irish conditions. The estimated payments to farmers who comply with the Scheme's requirements over the 1994-1999 period will be upwards of £350 million, (upwards of £100m in 1994-1996). The Government will consult with the organisations in relation to the implementation of this Measure.

2.33 The Government agree that funding levels for the Agricultural and Food Programmes within the NDP will be re-examined in the light of savings or additional resources becoming available under the Structural Funds.

Compensatory Headage Payments

2.34 The Government acknowledge the importance of these payments, especially to low income farmers and, as stated above, regard the efficient and timely payment of headage as a major priority. It is the Government's intention to ensure an adequate level of resources to fund the scheme and a sum of £125 million was provided for headage in the 1994 Budget. The Government will press for a rapid decision from the EU on their proposal for an extension and reclassification of Disadvantaged Areas and, following a positive decision, are committed to its implementation.

2.35 The Government will provide additional resources to ensure that headage payments are made at the earliest possible date. Their objective is to move progressively to a position during the period of the Programme where all valid claims will be paid by October of the year in question. As a first step in that direction, the Government will, this year, provide additional funding in the Agriculture and Food Vote.

2.36 The Government will negotiate, this year, with the European Commission on the introduction of a third category — extremely severely handicapped — of disadvantaged area and remain committed to the provision of appropriate matching finance.

2.37 As resources become available, the Government will provide for a modulated adjustment in the headage payment rates. The Government will review, in consultation with the organisations, the payment structure under the headage scheme with a view to ensuring that it effectively meets the objectives of the regulation. The organisations propose that, in the less-favoured areas, farmers dependent on agriculture, as defined by the Structural Fund regulations, should be eligible for headage payments on dairy cows and other livestock.

2.38 The Government are also committed to make a proposal to the Commission on the need to extend the Disadvantaged Areas benefit to disadvantaged farms outside the designated areas, in the light of the outcome of CAP reform and the likely effect of the GATT agreement.

Low-Income Farming Families

2.39 The Government will review the problem of low-income farming families, including the issue of the Family Income Supplement, in the light of the currently available data. This review will concentrate on the short and longer-term policy changes which are necessary to alleviate the problem.

Taxation

2.40 The existing tax code contains a number of reliefs and incentives which take account of the special circumstances affecting farming and, in particular, its capital intensive nature. These provisions relate to income tax, capital taxation and VAT.

2.41 The 1994 Budget has been specifically framed in the context of the new Programme and this applies to the farming sector as well as to the other social partners. Farmers like other taxpayers will benefit considerably from the major relieving changes in the 1994 Budget in regard to income tax and levies. The organisations recognise that there were a number of other substantial taxation changes in the 1994 Budget which acknowledged submissions made by them in the course of the negotiations for a new Programme. These changes included:

- under the capital acquisitions tax code, a substantial increase in relief for farm land and buildings and the introduction of a new relief for other farm assets (livestock, machinery etc). However, the organisations maintain their case for full indexation of the capital acquisitions tax thresholds from 1976 to 1990;
- for the probate tax, 30% relief for agricultural land and buildings in recognition of the special economic circumstances of farming. In addition, farmers, like other taxpayers, gain from the introduction of a full exemption for spouses. The organisations remain opposed to the probate tax;

- the extension of the PAYE allowance to the children of the self-employed, including farmers' children, who are full-time employees in their parents' business. However, the organisations retain their position that PAYE and PRSI allowances should be extended to self-employed taxpayers, including farmers; and
- the increase in the capital allowance ceiling for new cars used in a business.

2.42 The 1994 Budget also maintains the present flat-rate VAT refund administrative arrangements for unregistered farmers, to compensate the farming community generally for the VAT borne on their expenditure. In addition, the Government reiterate their commitment to retain the flat-rate refund arrangements on the existing basis as provided for by EU legislation.

General Comments on Taxation

2.43 In summary, the Government's priority in taxation reform for the period of the new Programme is to improve the treatment of earned incomes from employment and self-employment, with particular reference to the position of taxpayers on lower/middle incomes. To this end, major reliefs in general income taxation were introduced in the 1994 Budget. Farmers have benefitted, like other taxpayers, from these improvements and it is the Government's intention that further progress in the context of evolving budgetary circumstances will have a beneficial impact on the generality of taxpayers.

2.44 The considerable capital acquisitions tax reliefs introduced in the 1994 Budget, coming on top of the earlier PESP improvements, have established a favourable environment for farm transfers, particularly in the case of gifts. Nevertheless, the Government, as a further move in this area, are prepared, in the 1994 Finance Bill, to reduce stamp duty payable on farm transfers to trained young farmers. This should help to make the Farmer Retirement Scheme a more effective measure to improve farming structures.

2.45 In addition, in the 1994 Finance Bill, the Government will improve the annual capital allowances for farm buildings and structures by reducing the write-off period from ten to seven years. This will be of particular assistance to farmers who carry out investments under the Farm Pollution and Dairy Hygiene Schemes.

2.46 In the context of simplification and streamlining of administration, discussions will be held, at an early date, between the Government and the organisations to examine the operation of the existing system of farm taxation, including the Farm Profile system. This examination will take account of the views of the organisations that the Farm Profile should be capable of being completed without professional assistance and that it should be extended to the maximum possible number of farmers.

2.47 Finally, there will be a review for the 1995 Budget of the existing stock relief, which is unique to farming and which is due to expire in April, 1995. The review will take account of the necessary consolidation of holdings in the context of GATT.

2.48 The organisations wish the Government to note the recommendation of NESC that, where income from farming is taxable to income tax, transfers of farms taxable under capital acquisitions tax, and capital gains to capital gains tax, a further charge on agricultural land and farm buildings to property tax would be inequitable.

Forestry

2.49 Ireland has a competitive advantage in tree growing and forestry can make a significant contribution to job creation, the improvement of farmers' incomes and rural development. The specific steps to be taken to realise this potential will include:

- the introduction of a new afforestation programme as part of CAP reform. This programme will put particular emphasis on farm forestry, will provide attractive and preferential incentives to farmers who afforest land and will be geared towards ensuring achievement of the national planting target of 30,000 hectares each year. Private companies and Coillte are also expected to contribute to the achievement of this planting target. Total payments of approximately £240 million in the period 1994 to 1999 (£120m in 1994-1996 period) are projected;
- the funding of measures under the National Development Plan to underpin the Government's planting target, for the building of forest roads, for harvesting and back-up measures. The estimated cost of these measures included in the Plan is about 2100 million (£51 million in the 1994-1996 period). This will provide the opportunity for the development of an efficient and expanded processing sector;
- in the context of the use of the Structural Funds to assist the forest processing sector, the Government are supporting the establishment of a joint venture between Coillte and a major wood processing corporation, Louisiana Pacific, for the manufacture of oriented strand board at a major new plant to be constructed in Waterford. The Government are also supporting the expansion of the Medite Corporation fibre board plant in Clonmel. These ventures will support 700 jobs and necessitate the production of an extra 800,000 cubic metres of wood each year, mostly from Coillte forests. Current output from Irish forests is 2 million cubic metres per year. Over the period of the Programme the Government expect to see at least one further substantial plant established and furthermore are committed to assist the development of the sawmilling sector as an efficient export-oriented industry;
- the achievement of the planting target and the expansion of the processing sector should create a minimum of 1,500 jobs during the period of this Programme;
- a strategic review of the whole forestry sector ranging from seed selection and tree planting to timber processing and marketing will be carried out. Such a review is appropriate at this stage given the rapid development of both planting and of the forestry processing sector in recent years, and because of the impact that the continued development of forestry can have on rural society and on the national economy; and
- the review, which will take full account of the views of the social partners, will result in a long-term plan for the sector aimed at maximising the value of the forestry sector to the economy and at integrating forestry development into wider rural development policy. It will, inter alia, address in particular the adequacy of existing procedures and practices in relation to protection of the environment including landscapes, habitats and archaeological sites; the factors influencing the selection of land for afforestation; the impact of afforestation on, farm structures and viability and on surrounding farmland, farm holdings and local communities; the desirability of consistency of approach between the financial support for afforestation and the other income support measures available in rural areas; and the organisation, management, processing, harvesting and marketing requirements of smallholder forestry plots.

Rural Development

2.50 The NDP's overall strategy aimed at increasing economic growth, improving infrastructure, developing skills and placing increased emphasis on harnessing local community leadership and local initiative will have an important impact on the rural economy and the regions within which the various rural areas are situated. Strengthening the competitiveness of rural economies and providing adequate safeguards for the more vulnerable in rural society requires an integrated approach and an effective partnership between State organisations, social partners and the voluntary sector. Agriculture and food co-operatives and the organisations have a key role in this integrated approach. In the light of the consultants' forthcoming evaluations of the Operational Programme for Rural Development and LEADER, it is intended to examine how this role can be developed. In addition, the involvement of the organisations in promotional activities related to rural development initiatives will also be examined.

2.51 The Government are committed to intensify the support for rural development initiatives including alternative farm enterprises and those involving primary agriculture-related projects, agri-tourism and local community-based initiatives. In addition to the funding of £35 to £40 million under the NDP, the Government will seek to negotiate a substantial increase in funding for a new comprehensive LEADER programme to be operated under the remit of the Department of Agriculture, Food and Forestry as the centrepiece of its rural development programme under the NDP. In this regard, the matter of securing more flexible local financing requirements, particularly in relation to training, within the new LEADER programme, will be pursued with the European Commission. The Government will ensure that the institutional and administrative arrangements for rural development fully respect the central role of the LEADER approach.

Animal Health

2.52 The country's high animal health status is an important element in maintaining and expanding Ireland's presence in international trade. The Government will continue to place a strong emphasis on protecting and enhancing that status in the context of the harmonised rules for the operation of the Single Market. Every effort will be made, including, if necessary, negotiation with our EU partners for the improvement of existing EU rules, to ensure that animals imported into the country do not present any disease risk and, in particular, that the health status of the national breeding herd is adequately safeguarded.

2.53 During this Programme, the Government will operate a coherent programme for the eradication of bovine tuberculosis. The Government are committed to implementing the tripartite agreement reached with the EU Commission in October, 1992, and will vigorously pursue the securing of EU funding for the agreed programme. Such funding would be used to improve the current Scheme and enable reductions in disease levies and in the Exchequer cost. A strong emphasis will be placed on research and on the development of new technology and diagnostic methods to accelerate the eradication programme.

2.54 The operation of the Sheep Dipping Programme will be reformed in 1994. The reform will remove the compulsory nature of the programme while keeping the disease notifiable. In the new arrangements, account will be taken of the outcome of trials into an alternative treatment system.

Occupiers' Liability

2.55 The Law Reform Commission is currently finalising a report on occupiers' liability. The Government will bring forward legislation during 1994 *to* reform and update the law in this area, taking into account the Law Reform Commission report. The Government note the views of the organisations that new legislation should remove all liability which property owners and occupiers may have to people coming onto their property other than invited persons.

Milk Agency

2.56 The Government confirm their intention to have the Milk Agency legislation enacted in the course of the coming Parliamentary session and have made the necessary provision in the 1994 Budget to meet pension and redundancy costs arising from the winding-up of the existing Milk Boards.

Companies Act

2.57 The Government will examine, in the context of a review of Company Law, ways to safeguard the position of farmer creditors in the event of business failure and whether it is possible to make the rights of farmer suppliers a preferential debt or the first floating charge on the company's assets.

Higher Education Grants

2.58 The organisations' view is that the definition of income for higher education grants should be the same as for PRSI purposes; i.e. that capital allowances and interest payments are taken into account in determining reckonable income.

(1) Throughout this Section reference to organisations relates to the IFA, the ICMSA, the ICOS and Macra na Feirme.

(2) The financial allocations given in the Section are based on the National Development Plan 1994-1999 (NDP) and the measures accompanying CAP reform as forwarded to the European Commission. The indicative allocations for the period of this Programme are shown in brackets where appropriate. It is intended that the matching private sector expenditure under Agriculture, Food and Forestry programmes of the NDP will average 48% of public expenditure.

Section III

Macroeconomic Stability

3.1 The developments of the past three years, during which the Irish economy was one of the very few advanced countries to achieve continuous growth, confirm the outstanding lesson of the years preceding the Programme for Economic and Social Progress. Macroeconomic stability is vital to economic advance in a small open economy. The stability-oriented policies which were pursued over both the PNR and the PESP periods have served Ireland well. Over the past six years, Ireland's annual average (GNP) growth rate of more than 4% outpaced that of the EU by 2%. Net employment gains of almost 1% exceeded the EU average by 0.5% annually while the volume of personal consumption — a rough proxy for living standards — rose by one-fifth, more than 5% faster, cumulative over the six years, than in the EU as a whole. However, the sustainability of these gains could now be threatened by competitiveness trends.

3.2 The central objective of macroeconomic policy under this Programme — as under the PNR and the PESP — will be to secure and strengthen the economy's potential for sustainable employment and economic growth. The same essential themes will remain the guiding policy framework. Fiscal and monetary policies will be set to underpin a stable exchange rate and, together with exchange rate stability, will be directed at maintaining low inflation. This is crucial to facilitate competitiveness gains compared with our trading partners, to underpin growing confidence and to encourage substantial expansion of investment. All of these are critical to achieving the progress on jobs which is the central objective of this Programme. In pursuit of this objective, it must be recalled that we are starting from a historically high and totally unacceptable level of unemployment and that we are facing demographic developments which will add further to labour market pressures.

3.3 Over the period of this Programme:

- fiscal policy will be conducted so as to continue reducing the national debt to GNP ratio, with a *minimum* target of bringing that ratio down to around 95% by 1996, and below, insofar as international developments permit, and
- monetary policy will operate so as to enable interest rates to remain at the lowest level consistent with international developments and with a stable exchange rate which will be maintained within the EMS.

3.4 The increased confidence and higher investment necessary to establish and maintain more rapid employment growth also require developments across the full spectrum of incomes which are consistent with enhancing competitiveness and with keeping inflation low. The social partners, for their part, will facilitate and support such an evolution of incomes.

3.5 The objective of reducing the debt to GNP ratio, at minimum, to around 95% by 1996 will be pursued primarily through restraint on expenditure. This will require significantly greater restraint on public expenditure than has existed for the past three years, particularly in relation to current expenditure. Tax reform will be aimed at reducing the negative impact on employment potential of aspects of taxation. Both developments are in line with the NESC recommendations set out in “A Strategy for Competitiveness, Growth and Employment”. The aim in both contexts will be to establish the faster economic and employment expansion which is the objective of the Programme.

3.6 Subject to the overriding consideration that the fiscal parameters outlined will be observed, the Government will implement the measures outlined in this Programme. Observance of those fiscal parameters is an overriding principle, which cannot be infringed in the implementation of the Programme. Their observance during the PNR and the PESP periods has virtually eliminated the Irish-German interest rate differential and has reduced the national debt/GNP ratio by some 23 percentage points. As well as the directly beneficial investment effects of lower interest rates, these developments have hugely eased the adverse implications of Ireland’s debt burden for the capacity of the economy to grow.

Section IV

Tax Reform

4.1 The process of tax reform will continue, with the Government pursuing the priorities set out in the Programme for a Partnership Government. The guiding principle in this regard will be to shape the overall tax system such that, while preserving basic equity in taxation, it underpins and supports employment growth. To that end, the main concerns will be:

- to seek to redress the long-run tendency for ‘earned income’ to contribute a growing proportion of total revenue, with the available resources focused on improving the position at lower to middle incomes,
- to preserve and build on the considerable base-broadening achieved, across all major tax heads, during the PNR/PESP period, confining special preferences and incentives to areas where there is a clear economic or social justification, and keeping the degree of subsidy involved to reasonable proportions,
- to continue pursuing simplification and streamlining of tax legislation and administration, subject to the overriding need to maintain effective collection systems, which are fundamental to equity in practice.

4.2 At the same time, taxation policies, along with other public policies, must be conducted within responsible budgetary parameters. Accordingly, sustainable relief in taxation will necessitate ongoing discipline in public expenditure. Moreover, progress in income tax reform will require a greater contribution from other tax-heads as well as appropriate and equitable base-broadening measures. The implementation and phasing of all commitments in this Programme depends on consistency with the budgetary criteria of the Maastricht Treaty.

4.3 The 1994 Budget made progress in implementing the foregoing strategy. It is the Government’s intention to further pursue this strategy in subsequent years of the new Programme, on a basis consistent with its overall strategic aim of promoting sustainable employment growth.

Taxation of Personal Income

4.4 Over the period of the PNR and the PESP, considerable progress was made in improving the income tax system, notably in reducing marginal tax rates on a broad front, despite the constraints of the serious imbalance in the public finances.

4.5 The 1994 Budget, as well as abolishing the temporary 1% income levy, provided for increases in the basic personal allowances and in the standard rate tax band. These measures will afford relief to all income taxpayers, including those on relatively low incomes. Additional measures targeted directly at assisting the low-paid were also included. The marginal relief rate of taxation was reduced from 48% to 40%. A low income exemption was introduced into the Health contribution and the Employment and Training

levy. Finally, in the interests of assisting families, the child addition to the general income tax exemption thresholds was further increased.

4.6 To help meet in part the cost of these general reliefs, some base-broadening measures in the personal income tax area were introduced. In this regard, account was taken by the Government of the high cost to the Exchequer of discretionary income tax reliefs. The phased restriction of certain discretionary income tax reliefs to the standard rate was, therefore, initiated.

4.7 Future strategy in relation to income tax will focus resources on improving the position of lower and middle incomes and, in particular, will have two priority goals: (i) alleviating the burden of taxation on workers with low incomes, particularly those with families; and (ii) raising the income threshold at which the higher rate comes into play. It is the Government's intention that the progressive increase in the yield from the standardisation of discretionary reliefs should be used, as a priority, to expand the standard-rate band.

Company Taxation

4.8 Major progress has been made in fundamental reform of the structure and administration of company taxation. These changes have increased the corporation tax yield though a widening of the effective tax base. As well as making possible a reduction in the standard rate of corporation tax, the yield helped finance the improvements in personal income tax. These reforms also improved the corporate tax regime from the standpoint of the balance of incentives between capital investment and employment generation, and of wider economic efficiency.

4.9 A targeted package of measures to encourage entrepreneurship and to assist business and employment was introduced in the 1994 Budget. A new relief for the transfer of business assets is being introduced into capital acquisitions tax; this will also cover the transfer of shares in a business. A new 27% capital gains tax rate is being introduced for the disposal by an individual of holdings of shares in trading companies which were unquoted at the time of investment. The special roll-over relief in capital gains tax for entrepreneurs investing in BES sectors will be extended to the wider services sector. The capital allowance ceiling for new business cars will be increased progressively to cover the cost of a standard 1.6 litre car by 1996.

4.10 To assist employment creation and maintenance, employers' PRSI is being reduced in respect of low-paid employees. The requirement that employers pay the Employment and Training levy and the Health levy for their employees who have a medical card is also being abolished. In addition, the PAYE allowance is being granted to children of self-employed and proprietary directors who are full-time employees in their parents' business. IBEC is of the view that significant further measures are required within the overall budgetary parameters to alleviate tax and payroll charges, including employers' PRSI, that affect employment costs.

4.11 The 1994 Budget paid particular attention to facilitating the establishment and development of small businesses. The VAT registration thresholds for both goods and services are being increased. Businesses whose turnover is less than £250,000 a year will in future be entitled to account for VAT on a cash receipts basis. The company value limit for entrepreneurs' investment in their own company under the BES is being raised from

£150,000 to £250,000. The Revenue Commissioners will shortly produce a single registration form which can be used by businesses to register for all taxes. Steps are also being taken to simplify the tax clearance procedures for public sector contracts. Discussions will take place in the course of 1994 to review IBEC's proposals regarding tax credits relating to the foreign income of Irish companies. This review will be set in the context of the Programme's overall objective of increasing sustainable employment in Ireland and the priorities in taxation reform to that end, including the impact on tax revenue, and of developments at EU level. The position of companies in the services sector will be reviewed in line with Section 1.71 above. IBEC considers that tapering relief should be introduced for small firms in relation to corporation tax.

4.12 In addition, a number of focused measures are being taken to help tourism services, and the motor and building sectors. The capital allowances provisions for hotel buildings are being improved with the write-off period being reduced from ten to seven years, in recognition of the close connection with long-term job-creation. Full VAT relief will be allowed for luxury touring coaches. The VRT rates for cars and motor-cycles are being reduced.

4.13 A new Urban Renewal Scheme will be introduced in the Finance Bill. The new scheme will be more targeted than its predecessor, and will be focused on residential, small-scale commercial and, for the first time, industrial developments.

Indirect Taxation

4.14 In addition to responding to domestic requirements, indirect taxation policy in recent years had to have particular regard to the European Union dimension and especially Ireland's immediate participation in the Internal Market. Future changes in this area will have to continue to take account of the influences and constraints arising from being part of the Internal Market.

4.15 It is the Government's intention, subject to EU requirements and overall budgetary circumstances, to maintain the status quo in relation to VAT for labour-intensive services and construction over the medium-term. Moreover, they will be pressing in the Community's review of the VAT regime for the option to maintain the current position of labour-intensive services and construction beyond the current transitional period.

Taxation of Capital

4.16 While an appropriate balance must be struck in capital taxation between furthering economic goals and raising revenues, it is the objective to further increase the total contribution of capital taxes to overall revenues. The taxation of savings and capital will continue to be kept under review having regard to the Government's objective of structuring the tax system so as to support employment, minimising financial imbalances and outflows, and ensuring equity as between the different forms of income.

4.17 The 1994 Budget included important capital taxation measures designed to assist business and employment. The Budget provided that spouses are to be fully exempted from probate tax. A relief to farmers by way of a percentage reduction in the market value of agricultural land and buildings for probate tax purposes is also being introduced.

Tax Administration

4.18 Significant measures have been taken in recent years to improve the effectiveness of administration and enforcement in the taxation system. In 1993, the Revenue Commissioners expanded their audit programme by increasing the number of audit and investigative staff from about 360 to over 500. The Revenue Commissioners audit programme will continue in its expanded form to work towards improving tax compliance. In addition, the co-operation between the Revenue Commissioners and the Department of Social Welfare in monitoring the operation of the tax and social welfare systems will continue through the joint investigation units. In the context of the ongoing concern to strike a reasonable balance between the need to ensure that all taxpayers fulfil their obligations on an equitable basis and the associated costs of compliance, submissions from the social partners on particular requirements which they consider give rise to excessive costs will be considered in the Central Review Committee.

4.19 The Government are committed to continuing progress in this area to ensure the effective collection of revenues while being conscious of the need not to overburden compliant taxpayers. In that regard, consideration will be given to limited extension of the tax clearance requirements to certain private sector contracts. It is intended to review the operation of the monthly VAT Control Statement, having regard to its anti-fraud objective and possible distortions of competition. A review of the surcharge on the professional income of 'close service companies' will be carried out to see whether any alleviation would be appropriate.

Black Economy

4.20 The Government are aware of, and will take measures as appropriate to counter, the continuing problem of the black economy. The Black Economy Monitoring Group, which is drawn from the Revenue Commissioners, the Department of Social Welfare, the CIF, IBEC and ICTU, will continue its work of monitoring developments and reviewing the effectiveness of measures taken to combat the black economy. The views of the Group will prove useful in combating the black economy.

4.21 In view of the concerns which have been raised in relation to the C45 system the Revenue Commissioners will be asked to take measures to ensure that the system is applied only to genuine sub-contract situations. Revenue will discuss the matter with the Department of Social Welfare to see if procedures can be strengthened further. The Black Economy Monitoring Group will be asked to carry out a thorough review of the operation of the C45 scheme and to make recommendations on action to curb any abuse and to improve the scheme generally. Pending the outcome of the review, the Revenue Commissioners will take measures to prevent the C45 system being applied where PAYE would be the appropriate system.

Section V

5.1 The central focus of this Programme is on the growth of employment and the competitiveness on which it must rest. The emphasis on competitiveness derives from the fact that the degree of competition is increasing globally and on the domestic market. The viability of existing jobs and the required acceleration in employment creation require that the Irish economy be competitive and that Irish firms increase their competitiveness.

5.2 Competitiveness, as the NESC has shown, embraces a wide range of characteristics including cost, quality, reliability and, above all, the capacity to innovate to meet and anticipate changing circumstances. This points to the need to develop co-operation at company level to improve efficiency and effectiveness and to recognise the important contribution of employees *in bringing about* positive flexibility and change.

National Level

5.3 At the national level, the development of competitive advantage requires public policy development and implementation, and social dialogue arrangements which facilitate a flexible response to changing international conditions. The work of the NESC on the long-run development of the Irish economy in contrast with other, more successful small European economies demonstrates the importance of consistent and early adaptation to changing international circumstances.

5.4 Under this Programme:

- the social partnership arrangements which have developed under the PNR and the PESP will be continued through the work of the Central Review Committee,
- appropriate tripartite arrangements will continue and will be developed to address different aspects of economic and social development.

5.5 These arrangements will be operated so that:

- significant international trends are identified and understood,
- areas of weakness in domestic policy and performance are addressed effectively,
- the national capacity to innovate is strengthened as the ultimate source of long-run competitive advantage.

Industry and Enterprise Level

5.6 At the level of the industry and the enterprise, the pursuit of competitiveness must also address the implications of the changed environment for business and for employment. Given the impact of new technologies and the globalisation of markets, the life-cycle of products has shortened dramatically and much standardised production has become internationally mobile. In this context, cost-competitiveness is of vital importance. However, in line with the EU White Paper on Growth, Competitiveness and Employment, the Government and social partners accept that the key elements in competitiveness that are now of greatest importance are no longer confined exclusively to the direct costs of production.

They include in particular:

- the quality of education and training,
- the efficiency of industrial organisation,
- the capacity to make continuous improvements in production processes,
- the intensity of Research & Development and its industrial exploitation,
- the efficiency with which markets operate,
- the availability of competitive service infrastructures,
- product quality, and
- the way in which corporate strategies take account of the consequences of changes in society, such as improved environmental protection (EU White Paper, P62).

5.7 In this context, the Government and the social partners recognise the importance of changes in the production process and in skill needs, in work organisation, in working conditions and in industrial relations to realise the potential for growth and job creation arising from new technologies and changes in society. The introduction and implementation of World Class Manufacturing (WCM) throughout Irish industry will be encouraged and supported. In this connection, a review of WCM is currently being undertaken by FORBAIRT, and the social partners will be consulted as part of this process.

5.8 These issues have been addressed in an Irish context by the Culliton Report which concluded that the development of employee involvement at the enterprise level would hold out the hope of greatly increased productivity as employees begin to have both a greater interest and involvement in the performance of the enterprise in which they work and begin to respond to shared responsibility on appropriate matters.

5.9 The parties to this Programme accept the recommendation of the Culliton Report that this approach should be encouraged.

5.10 The importance of employee involvement in facilitating higher levels of productivity and competitiveness at firm level is acknowledged in the form of a Joint Declaration by IBEC and the ICTU. This Declaration recognises the importance of increased employee involvement, in addition to greater competitiveness, for the effective development of the enterprise, increased job satisfaction, closer identification of employees with the organisation, and a safe and healthy work environment.

Under this Programme

5.11 In keeping with Clause 7 (ii) of the Pay Agreement concluded as part of this Programme, the promulgation of employee involvement initiatives will be pursued as an important objective.

5.12 Specifically, the social partners and the Government will publicise and encourage the adoption at local level of initiatives to promote employee involvement, from a range of options such as information sharing/communications programmes, consultation with employees, consultation through representative mechanisms, financial involvement, quality of working life programmes and involvement groups/quality circles.

5.13 In particular, the social partners and the Government will support the work of the Irish Productivity Centre as the national participation agency in its role as a provider of information, expert assistance and advice, support for pilot initiatives and appropriate resource materials. The IPC will be supported in implementing the action programme submitted by ICTU/IBEC to facilitate the development of new work organisation in Ireland.

5.14 The IPC will be invited to monitor the development of employee involvement in both the public and private sectors and to make periodic reports to the Central Review Committee.

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Section VI

Social Equity

6.1 The central focus of this Programme is the acceleration of growth in opportunities for work at every level. This of itself is likely to be the single most effective strategy for the achievement of greater social equity in Irish society. It follows that social policy developments should support the implementation of this strategic objective, in particular through adherence to the attainment of the overall fiscal objectives, set out in Section III on Macroeconomic Strategy, and support for the growth of sustainable employment.

6.2 However, access to high quality and effective social support services is an important objective of this Programme in its own right. Accordingly, progress will be made during the life of the Programme in the development of social services which secure greater social equity and protect the position of those who are most vulnerable in our society. The strategic objectives to be pursued in the course of the Programme, in line with the terms of the Programme for a Partnership Government, are set out in the following paragraphs.

6.3 The Programme for Economic and Social Progress set down a policy framework and the medium to long-term objectives for social reform. In the context of this Programme, these objectives will continue to be pursued and the carryover provisions of the PESP will be fulfilled.

SOCIAL WELFARE

6.4 Within the framework of this Programme and having regard to the overall approach to social welfare reform set down in the report of the Commission on Social Welfare, the social welfare system will be developed, building on improvements which have already been made in the context of the Programme for National Recovery and the Programme for Economic and Social Progress. The objectives will be to meet the needs of those who depend on income maintenance through fast and efficient access to a social welfare system which responds in a flexible way to changing circumstances and emerging needs. The 1994 Budget provisions on social welfare have been framed in this context.

6.5 The quality of service delivery to social welfare customers will continue to be improved in an efficient and cost-effective manner. The development of “one-stop-shops”, to provide convenient access to a range of social welfare and other services, will be an important component of this process. In addition to improving accommodation and facilities for social welfare customers around the country, this approach will build on the strengths of the regional structure and will involve a variety of significant service improvements, including modern payment methods, more flexible signing arrangements and local access to a greater range of services.

6.6 In particular, the priorities under this Programme will be:

- (a) to continue to at least maintain the real income position of those on social welfare, as has been done through a minimum increase of 3% in all weekly payments in the 1994 Budget,
- (b) the priority rates recommended by the Commission on Social Welfare have been provided in the 1994 Budget in the case of Disability Benefit, Injury Benefit, Unemployment Benefit, Short-Term Unemployment Assistance and Supplementary Welfare Allowance. All social welfare weekly payments have now achieved the priority rates and at least 90% of the Commission’s main recommended rates. Further progress towards those rates will be an important objective of Government during the period of this Programme. Such progress will have regard to the capacity of the economy and the Budget to support the increase in expenditure involved, and
- (c) the maintenance of the social insurance system including the contributory principle.

6.7 The operation of the social welfare system will be examined with a view to facilitating entry and re-entry into gainful employment and factors which create obstacles will be identified and minimised, where possible.

6.8 Special attention will be devoted to the reform and development of child income support. The 1994 Budget provided for an increase in Child Benefit from f20 to £25 for the third child and from £23 to £25 for subsequent children.

6.9 The 1994 Budget gave recipients of the Family Income Supplement a f6 a week increase. Further consideration will be given to the continuing development of this family support measure with particular regard to issues arising out of its interaction with taxation.

6.10 Care will be taken to promote employment maintenance and growth through ensuring that there is an adequate incentive on the part of unemployed people to take up

available jobs i.e. that income while in employment is sufficiently above income while unemployed.

6.11 The concept of dependency will be examined in the context of overall social welfare reform.

6.12 The Government will give urgent and careful consideration to the closer integration of the tax and social welfare systems — including the foregoing issues of child income support, Family Income Supplement, employment disincentives and dependency — and in particular to recommendations arising from the work of the Expert Group. Detailed consultations will be held with the social partners on these recommendations.

6.13 Urgent consideration will be given to streamlining and standardising, where relevant, application and assessment procedures (including means testing) in respect of social welfare and other applicants for means-tested State assistance.

6.14 The recommendations contained in the Final Report of the National Pensions Board will be examined and appropriate action taken in consultation with the social partners.

6.15 In relation to the position of lone parents, the 1994 Budget provided a flat-rate earnings disregard of 230 in addition to existing work-related disregards. Furthermore, lone parents will be allowed to retain a greater proportion of their Lone Parent's Allowance while working. This situation will be examined further in the course of this Programme.

6.16 A White Paper will be published in 1994 outlining the Government's proposals for the development of a clear framework for partnership between the State and the voluntary sector. The Community Development Programme, for which an additional 20.7 million was provided in the Budget, will continue to be developed.

6.17 In line with the overall objective of providing all social welfare customers with a comprehensive, timely and dignified service, customer service advisory groups will be convened at appropriate intervals in consultation with the social partners and relevant representative organisations. These advisory groups will enable representatives of both customers and providers of social welfare services to exchange views on the quality of service delivery.

6.18 In accordance with the strategy outlined in Section I on Work, further initiatives will be developed to encourage greater numbers of those in receipt of social welfare payments to take up employment, self-employment, education or training. In this context, initiatives such as the Back to Work Allowance, Second-Chance Education Schemes and the new School Leavers Options Scheme will continue to be promoted and developed.

6.19 The detection of fraud and abuse will continue to be an integral part of the work of the Department of Social Welfare. Particular emphasis will be placed on monitoring compliance with the social welfare code to ensure that firms and employees are not placed at a competitive disadvantage.

HEALTH

6.20 Under this Programme, continued progress will be made in implementing the seven-year programme agreed under the Programme for Economic and Social Progress. A sum of £65 million has been provided to date towards the seven-year target of a &90million increase in current expenditure above 1990 expenditure levels for such services, and an increase of £100 million in capital expenditure. In addition, £9 million has been provided to date to implement the Nursing Homes Act.

6.21 The continued developments in this area will, in particular:

- support the implementation of all the provisions of the Child Care Act, on a phased basis, by the end of 1996,
- continue the provision of resources for the planned expansion of residential and day-care places, home support schemes and respite care for the mentally handicapped in all health board areas, and in particular the continued transfer to the mental handicap services of those people with a mental handicap who are at present placed inappropriately in psychiatric hospitals,
- provide for the review at regular intervals of progress towards the implementation of the recommendations contained in the “Needs and Abilities” Report in consultation with the providers and users of mental handicap services,
- enable the recommendations of the Review Group on Services for Persons with a Physical or Sensory Disability, due to be published shortly, to be implemented,
- continue the strengthening of home and community services for elderly people who are ill or dependent, by the provision of adequate numbers of extended care beds and staff,
- enable further progress to be made in providing and improving community-based services for people with a mental illness,
- continue the phased extension of eligibility for dental and orthodontic services to children under the age of 16, and address the training and development of dentists and support staff. The refurbishment and extension of the Dublin Dental Hospital, commencing in 1994, will contribute to the achievement of this objective.

6.22 Improvements in waiting times in a range of specialties, including orthopaedics, ophthalmology, ear, nose and throat, and cardiac surgery will continue to be implemented. In this regard, £10 million is being provided under the 1994 Budget to continue the Waiting List Initiative. The designation of beds for public and private treatment in public hospitals will continue to be closely monitored to ensure greater equity of access to necessary hospital treatment for public patients. The effectiveness of the Charter of Rights for Hospital Patients will be monitored and there will be a review of the appointment systems which operate in hospitals. Further Charters will be issued to cover groups such as children, expectant mothers, the elderly, the mentally ill and people with a physical or mental handicap. The recommendations of the Review Group on the Ambulance Service will be implemented on a phased basis over a five-year period.

6.23 The Minister for Health will continue to implement the recommendations contained in the Report of the National Aids Strategy Committee. Additional funding is being made available for the care and management of persons who have contracted HIV/AIDS and for the more comprehensive surveillance of HIV as a basis for policy formulation and implementation. The Health Promotion Unit of the Department of Health will continue and intensify its HIV/AIDS Education/Prevention Campaign.

6.24 The health needs of women will receive particular attention. The recommendations of the Second Commission on the Status of Women will be examined. A detailed plan for women's health will be drawn up which will involve a consultation process with relevant organisations, including the social partners. Consideration will be given in this context to the recommendations of the Review Group on Cervical Screening which is due to report shortly. Support for positive health initiatives in relation to women's health will continue to be provided by the Department of Health.

6.25 A comprehensive National Health Strategy will also be published. This will, in particular, set out clear objectives and targets for the period ahead in relation to the improvement of the health status of the nation and the operation of the health service. Special emphasis will be placed on positive health measures to address serious community health problems. The Strategy will also provide a firm basis for the development of primary care, for continued improvement in cost effectiveness and for the efficient management of the health service. The Minister for Health will initiate a consultation process with the social partners and with other relevant interests in relation to the implementation of the Strategy.

EDUCATION

6.26 Further to the publication of the Green Paper and the Report of the National Education Convention, a White Paper will be published in 1994 and will be followed by legislation as soon as possible which will provide for a genuine and meaningful role for all partners in education and a focusing of resources towards the disadvantaged.

6.27 Particular provision has been made in the 1994 Book of Estimates and Budget Statement for the quantified 1994 developments outlined below. In the operation of education policy, particular provision will be made for:

- the fulfilment of the outstanding commitments in the PESP including the provision of career guidance, the appointment of vice-principals, the conclusion of the implementation of the phased programme for the appointment of caretaking and clerical staff in primary and post-primary schools,
- commitments outlined in the Programme for a Partnership Government, including commitments to reducing the pupil-teacher ratio, to the provision of additional remedial teachers as proposed, to a major concentration of resources on the disadvantaged and to broadening the curriculum and extending subject choice for all students. Specifically, additional schools will be included in schemes for the disadvantaged (50 additional primary and 60 additional post-primary schools in 1994) and the Home/School/Community Liaison Scheme will be extended; the pupil-teacher ratio at primary level will be reduced annually and this reduction will include improvement at various points in the appointments schedules and reductions of the maximum class size figures,
- the expansion of the remedial (100 primary and 25 post-primary additional posts in 1994) and guidance services (45 additional post-primary posts in 1994) and the phased development of a full psychological service in primary and post-primary schools (10 additional psychologists in 1994),
- allocating an increased amount to implement the planned programme provided for in the PESP of replacing or refurbishing sub-standard schools at primary and post-primary level; account will be taken of the additional accommodation needs of the six-year cycle at second-level and of the increased emphasis on vocational education,
- tackling problems in the area of Special Education in the light of the recently-presented report of the Committee on Special Education with particular reference to the establishment of special designated classes in primary and post-primary schools and the provision of resource and support teachers (50 childcare assistants, additional administrative principals and increased funding for capitation, in-service training, transport escorts and specialised equipment in 1994),
- undertaking a major expansion in in-service training at all levels for teachers to include a specific programme in respect of teachers of disadvantaged pupils, in line with the commitments in the Programme for a Partnership Government.

6.28 The current discussions with the interested parties on the question of a welfare service for teachers will be concluded at the earliest possible date and proposals will be brought forward for the establishment of a welfare service for teachers.

6.29 The scheme of assistance towards the provision of school books for necessitous pupils will be extended (increased by 15% for primary schools and 13% for secondary schools in 1994). As part of the scheme, start-up grants will be provided for schools to assist in developing book rental schemes.

6.30 Capitation grants will be increased at primary and post-primary levels (increased provision of 15% at primary level and 9% at secondary level in 1994).

6.31 Adult education will continue to be developed to facilitate and encourage the provision of second chance and continuing education (10% increase in funding in 1994). The consultative group on adult education established under the PESP will be retained.

6.32 The question of establishing a panel system for temporary teachers at primary level will be examined in consultation with school authorities and teacher representatives and any arrangements agreed would be facilitated by the Department of Education.

6.33 Having regard to the Programme for a Partnership Government, the provision for third level student support will be considered with a view to providing a more equitable basis (including a review of the existing means thresholds for student grants) for access to third-level education.

6.34 Arrangements for improving access to third-level education for those from disadvantaged areas, including mature students, will be developed further.

6.35 A National Education and Training Certification Board will be established to co-ordinate the certification of education and vocational training.

6.36 In line with the recommendations of the Second Commission on the Status of Women, guidelines for teachers will be issued to promote equal opportunities for boys and girls; career guidance programmes will be developed to encourage women to enter labour markets traditionally closed to them; and action will be taken, in consultation with the partners in education, on foot of a major research project on gender equity in co-educational schools which is currently being conducted. A designated senior official in the Department of Education will be assigned responsibility for the promotion and implementation of gender equity policy in all areas of the education system.

6.37 The provision for Youthreach programmes will be extended and discussions will be held to review the staffing arrangements for these programmes (1,000 extra places in 1994).

6.38 Discussions will be held with management and teacher interests with a view to agreeing a ceiling on the percentage of part-time teaching posts in post-primary schools and third-level colleges.

6.39 Higher education institutions have a key role to play not only in the initial and continuing training of highly skilled personnel but also in helping to meet the research and development needs of industry. In this latter respect, existing co-operative arrangements should be strengthened and enhanced. This will be facilitated in the case of the Regional Technical Colleges and the Dublin Institute of Technology by the 1992 legislation relating to the R.T.C.s and D.I.T.

6.40 Laboratory facilities, including equipment, in higher education institutions will be progressively upgraded in ways which, inter alia, will address the needs of industry and which will provide for financial support from the beneficiaries.

6.41 Third-level facilities will be expanded to provide additional student places.

6.42 To assist in economic and social progress, educational institutions and both sides of industry will co-operate in promoting partnership arrangements. In addition, the question of establishing and maintaining a database of information to link industry needs and institutional competences and expertise will be examined. Partnership between industry, the institutions and disadvantaged communities will also be developed in order to improve third-level access and general educational participation for students in those areas.

6.43 The consultative and supportive role of industry in the area of work experience and enterprise-related programmes, to be provided in schools, will be developed.

6.44 A system of accreditation of knowledge, skills and experience acquired independently of the formal education system, for the purpose of further education, will be examined in consultation with bodies which have particular expertise in this area.

6.45 A central concern of the reform of the education system will be the constitutional prerogatives of parents in relation to the education of their children. Support for parent participation at primary and post-primary levels of the education system will be continued through funding of the National Parents Council, parent development programmes and dissemination of information.

6.46 Youth work is recognised as an educational process which operates both formally and informally as part of a comprehensive educational response to individual and community needs. A comprehensive plan will be developed for youth work based on an analysis of needs and a review of all aspects of the existing situation. Special attention will be given to disadvantaged youth.

SOCIAL HOUSING

6.47 In the context of this Programme, further action will be taken to implement the Plan for Social Housing, in particular through:

- the continued commitment to the provision of local authority housing, having regard to needs and resources, as reflected in the capital provision of E129 million in 1994 (including the extra £12 million in the Budget),
- additional support for voluntary and co-operative housing reflected in the capital provision of E33 million in 1994,
- increased funding for remedial and other improvement works to sub-standard public housing, as reflected in the capital provision of almost £24million in 1994 (including the extra £5.5 million in the Budget),
- additional funding for local authorities to ensure that bathroom facilities are provided in remaining local authority dwellings during the currency of the Programme (total provision of E4 million in 1994, including the extra £1.5 million in the Budget),
- the further development and resourcing of the new complementary housing options under the Plan, and
- the development with local authorities, and within the substantial resources already provided, of new and more effective systems for the management of local authority housing which will ensure that:
 - (i) local authorities operate proper and effective arrangements for the maintenance of their dwellings, and
 - (ii) tenants have a greater say and participate actively in the running of their estates.

6.48 The combination of these measures, together with vacancies occurring in the existing local authority housing stock, will secure accommodation for more than 9,000 households in both 1994 and 1995 compared to 7,000 in 1993 and 6,100 in 1992. The new housing measures introduced in the Plan are currently being reviewed to increase their effectiveness, facilitate their implementation by local authorities and help realise their full potential to meet social housing needs. The review, which will include the operation of the Capital Assistance Scheme, will take account of views submitted by interested parties. On completion of the review, it is intended to publish a document incorporating the outcome and to implement the recommendations in 1994.

6.49 The special needs of groups such as the elderly and people with disabilities are being fully reflected in the development of policy and the allocation of resources. Specifically:

- the Task Force on Housing Aid for the Elderly has received a doubling of funds to £4 million in 1994 for the carrying out of necessary works to dwellings of elderly persons living alone,
- the amount of grant assistance available to individuals for the adaptation of houses, under the disabled persons grants scheme, was substantially increased in 1993.

6.50 In addition, local authorities, in the planning of their expanded housing programmes and the provision of sheltered or supportive accommodation by voluntary housing groups/bodies funded under the voluntary housing Capital Assistance Scheme, have due regard to the housing needs of people who are elderly or suffer a disability.

6.51 The accommodation needs of the homeless will be addressed through further development and funding of integrated services to homeless persons. This will include a continuation of the financial support for local authorities and voluntary housing bodies, through the development of adequate support services in consultation with the statutory and voluntary agencies concerned, and through careful analysis of the extent of homelessness and the factors contributing to it. All local authorities liaise and consult with agencies working with the homeless in assessing the extent of homelessness.

6.52 The housing and halting site requirements of travellers will form an important element in the overall development of housing programmes. All housing authorities have been advised of the need to include proposals for the provision of fully serviced halting sites for travellers in their wider housing programmes for 1994. The Government are committed to ensuring that resources will continue to be made available to fund proposals by local authorities for the provision of these sites. The Task Force on the Travelling Community, set up by the Minister for Equality and Law Reform, has published an interim progress report and is now proceeding to develop detailed recommendations. The recommendations that relate to accommodation will be given the fullest consideration in the context of the ongoing programme for the accommodation of travellers.

EQUALITY MEASURES

Gender Equality

Second Commission on the Status of Women

6.53 During the period of this Programme, issues concerning women and equality will be considered within the framework of the overall recommendations contained in the Report of the Second Commission on the Status of Women. The Committee established by the Minister for Equality and Law Reform to monitor implementation of the Commission's recommendations will prepare an annual progress report.

Equality in Employment

6.54 Further to the commitment in the PESP and the Programme for a Partnership Government, Employment Equality legislation will be introduced as early as possible in 1994. This legislation will improve existing equal pay and equal treatment provisions taking account of, amongst other things, developments in national and EU law. The legislation will also extend to other groups the principle of equal treatment provision in employment.

6.55 The social partners will implement equal pay for work of equal value and equality rights entitlements as provided in legislation. They will also consider EU developments and support voluntary initiatives at enterprise level on equal pay, equal treatment and equal opportunities.

6.56 A Survey on Equal Opportunities in the Public Sector (State-sponsored bodies, local authorities and health boards) has been completed and appropriate positive action will be taken by public sector employers in consultation with staff interests to redress any inequalities. All public sector employers which have not already introduced equal opportunities policies and programmes will be requested to do so before the end of 1994.

6.57 A national Code of Practice on Sexual Harassment will be issued in 1994 following consultation with the social partners. This code will be promoted, monitored and reviewed by the Employment Equality Agency and will be given statutory recognition under the Employment Equality legislation to be introduced under this Programme.

6.58 The Government will give consideration, in consultation with the social partners, to using the processes of public funding and the award of contracts to promote equal opportunities.

6.59 In view of the contribution which childcare provision can make in promoting equal opportunities in employment, progress will be made on the development of facilities in regard to childcare for working parents. In particular:

- the measures envisaged under the National Development Plan will be introduced in 1994,
- the regulatory aspects of the Child Care Act concerning minimum standards will be introduced (see under Health in this Section),
- a limited number of pilot projects will be initiated in disadvantaged areas involving partnerships with community and other groups,
- to facilitate greater equality of access to education and training opportunities, proposals for appropriate childcare facilities will be brought forward by the relevant agencies,

- Area Partnership Companies and County Enterprise Boards will be encouraged to implement specific measures to support the development of childcare facilities to promote equality of opportunity in their areas of responsibility,
- consideration will be given to the further development of childcare facilities in the public service and to specific measures to promote the development of childcare services in the private sector,
- the design and provision of suitable childcare facilities in new industrial estates will be addressed by the industrial promotion agencies, who will consult with planning authorities as appropriate,
- consideration of the recommendations of the Working Group on Childcare for Working Parents will provide a basis for further action.

6.60 To facilitate combining work and family responsibilities, the following measures will be introduced:

- the provisions of the EU Pregnancy Directive will be implemented by November, 1994,
- during this Programme, consultations will be held with the social partners on the proposed EU Directive on parental leave.

Training and Education

6.61 All State training agencies and educational establishments will prepare and implement equal opportunities policies in respect of their organisations and services and will include training in equal opportunities for their trainers/instructors/teachers.

Equal Status

6.62 Equal Status legislation will be introduced in 1994 with a view to combating discrimination beyond the employment field.

Job Potential of Childcare Services

6.63 In order to assess the job potential of childcare services, a special Working Party will be established under this Programme to examine the employment potential in the provision of childcare services and the question of appropriate training and certification for those providing such services.

PEOPLE WITH DISABILITIES

General

6.64 The report of the recently-established Commission on the Status of People with Disabilities, will be considered in consultation with the social partners with a view to effecting a real advance in the position of people with disabilities in all aspects of life.

Employment

6.65 It is recognised that employment opportunities for people with disabilities are limited. In order to improve this position, the following measures will be taken:

- the 3% quota scheme in the public sector will be continually monitored with a view to ensuring that all sections of the public sector meet the quota target,
- the Monitoring Committee on the Employment of People with Disabilities will be continued. It will promote and review progress in the employment of people with disabilities in the public and private sectors, with a view to increasing employment opportunities for people with disabilities in the private sector in particular,
- the social partners will take active steps to promote the employment of people with disabilities in the public and private sectors,
- the Government will, in line with the position stated in the Programme for a Partnership Government, keep under review the question of legislation in this area having regard to progress made in the employment of people with disabilities during this Programme,
- £2 million has been provided in the 1994 Budget for a pilot programme for the employment of people with disabilities in viable business projects,
- the proposed amendments to Employment Equality legislation will extend the principle of non-discrimination in employment to people with disabilities, amongst other groups.

Accessibility

6.66 The Department of the Environment will review the operation of the Building Regulations in consultation with the relevant interests.

6.67 Accessibility to public transport will remain a priority of Government transport policy. New transport initiatives, including those arising from the Dublin Transport Initiative, will seek to maximise accessibility for people with disabilities.

Equal Status

6.68 The Equal Status legislation will also extend the principle of non-discrimination to people with disabilities, amongst others, in certain non-employment areas.

Section VII

Central Review Committee

7.1 The Central Review Committee, which operated under the Programme for National Recovery and the Programme for Economic and Social Progress to review and monitor the progress in implementing the Programme and the achievement of its targets and objectives, will continue to operate to monitor the achievement of the targets and objectives of this new Programme.

7.2 The Committee will oversee the development of effective, regular measures to monitor the numbers at work based on CSO data, FAS sources, Revenue and Social Welfare information, supplemented by new inquiries if required.

7.3 The Committee will take account of the views expressed and the positions agreed upon by the National Economic and Social Forum and the National Economic and Social Council in providing updated recommendations to Government as required in the light of emerging trends in employment and unemployment, The Committee will undertake such analysis and review of domestic and international issues as it considers appropriate in order to identify further action in support of work.



Appendix

Draft Agreement on Pay, Conditions of Employment and Co-operation at the Level of the Enterprise between the Irish Congress of Trade Unions and Employer Organisations

1. Date of Implementation and Duration

Except where otherwise agreed at local level, this Agreement shall come into force on the expiry of the Pay Agreement under the PESP in each individual employment or industry and shall last for three years.

2. Pay

- (i) It is agreed by the parties to this Agreement that pay increases shall be calculated on the basis of:—

2% of basic pay for the first 12 months of the Agreement as it applies in each particular employment or industry,

2.5% of basic pay for the second 12 months of the Agreement as it applies in each particular employment or industry,

2.5% of basic pay for the first 6 months of the third year of the Agreement as it applies in each particular employment or industry,

1% of basic pay for the second 6 months of the third year of the Agreement as it applies in each particular employment or industry.

- (ii) Where the application of this formula would result in increases in basic pay for full-time adult employees of less than:

€3.50 per week in the second phase,

£3.50 per week in the third phase,

the appropriate percentage increase for these particular phases could be adjusted to these levels by local negotiation and failing agreement shall be dealt with in accordance with Clause 5.

- (iii) The application of this Clause to the Public Service and to the Construction Industry is set out in Annex 1 and Annex 3 respectively. All the other Clauses of this Agreement fully apply to the Public Service and to the Construction Industry.

3. Economic and Commercial Circumstances

The increases in Clause 2 shall be negotiated through normal industrial relations machinery, due regard being had to the economic and commercial circumstances of the particular firm, employment or industry.

4. **Pensions and Sick Pay Schemes**

Unions are not precluded by Clause 6 from making claims for the introduction of pension or sick pay schemes where none exist or from making claims for the improvement of such schemes where these are substantially out of line with appropriate standards in comparable employments.

Having regard to the cost and other implications of pension and sick pay schemes, negotiations on these matters shall be governed by the capacity of the enterprise to absorb the costs involved and, additionally, in the case of sick pay schemes, the possible implications for attendance.

Agreements under this Clause may therefore include appropriate phasing and other arrangements (which may exceed the timescale of this Agreement) to take account of these considerations.

5. **Industrial Peace**

This Agreement commits employers, trade unions and employees to promoting industrial harmony.

Where the parties cannot reach agreement through negotiation on any matter covered by the Agreement, they shall jointly refer the matter to the Labour Relations Commission/Labour Court or, where appropriate, to other agreed machinery (See Annex 2).

This Agreement precludes strikes or any other form of industrial action by trade unions, employees or employers in respect of any matter covered by this Agreement, where the employer or trade union concerned is acting in accordance with the provisions of this Agreement.

6. **Stabilisation**

It is agreed that no cost increasing claims by trade unions for improvements in pay or conditions of employment other than those provided by Clauses 2 and 4 will be made or processed during the currency of the Agreement.

7. **Co-operation at the Level of the Enterprise**

(i) *Training*

Adequate provision for training of employees is recognised as a key issue for competitiveness, efficiency and effectiveness, thus helping to maintain the viability of business and protecting and increasing employment. It is also a crucial issue given the importance of continuous adaptation, flexibility and change in both the public and private sectors, and in increasing job satisfaction. The parties to this Agreement recognise the importance of the achievement of appropriate skills levels. To this end, the employers commit to encouraging their members in the private and public sectors, and in the public service, to consult with trade unions or employees as appropriate, about suitable training initiatives. These should seek to ensure that appropriate skills are available to provide for the operational requirements necessary for continuous adaptation, flexibility and mobility, and to ensure an adequate supply of apprentices.

(ii) *Employee Involvement*

The IBEC/ICTU Joint Declaration on Employee Involvement in the private sector sets out an extensive range of options on which initiatives may be taken. These include information sharing and communications programmes, consultation with

employees, consultation through representative mechanisms, financial involvement, quality of working life programmes and other initiatives relating to just in time production, world class manufacturing and total quality management. The Joint Declaration confirms the benefits which can derive to the enterprise and to all its employees from greater employee involvement. It is important that any developments or initiatives which may be taken are in keeping with the requirements of competitiveness, profitability, and the particular culture of the individual enterprise concerned.

The importance to the economy and the community at large of an efficient and cost effective public service and the value in that context of securing the involvement, commitment and co-operation of staff is also recognised.

The parties to this Agreement, including the Government, fully endorse the Declaration and encourage their respective members to pursue its objectives, regard being had in the public service to its particular circumstances.

8. Review

It is agreed that if any of the parties to this Agreement so request, a review of its operation may take place in the final year in the light of economic and fiscal developments over the period of the Agreement. No commitment to alter the period of the Agreement or its terms is implied by this Clause.

Application to the Public Service* of Clause 2 of the Agreement on Pay, Conditions of Employment and Co-operation at the Level of the Enterprise

Clause 2

- (i) It is agreed by the parties to this Agreement that pay increases shall be calculated on the basis of:—

2% of basic pay for 12 months starting 5 months after the expiry date of the Pay Agreement under the PESP,

2% of basic pay for the next 12 months,

1½% of basic pay for the next 4 months,

1½% of basic pay for the next 3 months,

1% of basic pay for the next 6 months.

- (ii) Where the application of this formula would result in increases in basic pay for full-time adult employees of less than:

22.80 per week in the second phase,

22.10 per week in the third phase,

£2.10 per week in the fourth phase,

the appropriate percentage increase for these particular phases could be adjusted to these levels by local negotiation and failing agreement shall be dealt with in accordance with Clause 5.

- (iii) It will be open to parties who have not processed their claims under Clause 3 of the Pay Agreement under the PESP to a conclusion, to process their claims on the following basis:

A: Where such claims for improvements in pay and conditions are being addressed on a basis which involves changes in structures, work practices or other conditions of service, negotiations, involving all the parties concerned, shall continue with a view to reaching a mutually acceptable conclusion. No form of industrial action or pressure shall be taken by either side in furtherance of claims. Every effort will be made to resolve differences or problems that may arise in the course of the discussions with a view to reaching final agreement between all the parties concerned, including the timetable for implementation.

Any agreement reached under this paragraph must have regard to the need for flexibility and change and the contribution to be made by employees to such change and must result in savings and an improved quality of public service. It is intended that the outcome would be no less favourable than under Option B.

*The term "Public Service" does not include the commercial State-sponsored bodies.

- B: As an alternative to Option A, a single cost increasing claim for an amount not exceeding 3% of the basic pay cost of the group of employees concerned may be processed in accordance with normal industrial relations procedures. Negotiations under this Option will take into account the need for efficiency, flexibility and change and the contribution to be made by employees to such change and, failing agreement, shall be dealt with in accordance with Clause 5. The outcome shall be implemented in four instalments from the following dates: 1 April 1994, 1 June 1995, 1 June 1996 and 1 June 1997.
- (iv) The Government and the trade unions concerned are fully committed to approaching the negotiations under (iii) above on the basis that real changes involving savings and improvements in efficiency and effectiveness will be achieved. In that context, it is agreed that a payment of 1% will be made on 1 April 1994 which will be fully offset against the outcome of the negotiations under Option A or the negotiations or the adjudications under Option B.

Public Service Pay Determination Machinery

In accordance with the undertaking by Government set out in the Government/ICTU Understanding on Public Service Pay of 4 June, 1993, a Chairperson was appointed to the Public Service Arbitration Boards with a term of appointment ending on 31 March, 1994. The Government and the Congress reiterate their commitment to having changes made in the public service pay determination and industrial relations machinery. They now agree that discussions on this question will be pressed to an early conclusion with a view to having new machinery in place not later than 31 March, 1994.

The ICTU consider that the machinery should enable reviews to be made of disparities which may emerge over time between the rates of pay and conditions of employment of employees in the public service and those of employees in other sectors of the economy. On the strict understanding that there is no question of altering the terms and/or provisions of this Agreement the Government are prepared, in the context of the new agreed pay determination machinery, to discuss, without commitment, the question of reviews in any negotiations of the position which will follow this Agreement.

Application to the Construction Industry of Clause 2 of the Agreement on Pay, Conditions of Employment and Co-operation at the Level of the Enterprise

It is agreed by the parties to this Agreement that pay increases in the Construction Industry will be calculated on the basis of:—

2% of basic pay for 12 months starting 5 months after the expiry date of the pay agreement under the PESP,

2% of basic pay for the next 12 months,

2% of basic pay for the next 4 months,

1% of basic pay for the next 3 months,

1% of basic pay for the next 3 months.

The amount of the special pay supplement agreed under Clause 3 of the PESP will be adjusted at the beginning of the final phase of this Agreement to allow for the first phase increase agreed under the **PESP**.

The parties agree to review, during the final phase of this Agreement, the application, implementation and operation of Labour Court Recommendation Number 13340 (10 July, 1991) and the Working Parties' Reports on pay rates for Construction Craftworkers and Operatives.

Abuses of the C45 tax system (where they exist) are of major concern to the parties who agree to address the issue as a matter of urgency. This will be undertaken by the joint CIF/ICTU Working Party currently reviewing the agreements on sub-contracting. Pending the outcome of that review the parties will co-operate to ensure that the C45 system is not used where PAYE is the appropriate system.