



Programme for Economic and Social Progress

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Introduction

This Programme is a strategy to accelerate economic and social progress in the nineties. The strategy is simple. It is to maintain a low-inflation economy with a stable exchange rate which can compete internationally and give us the higher standards of living and improved social services to which we aspire.

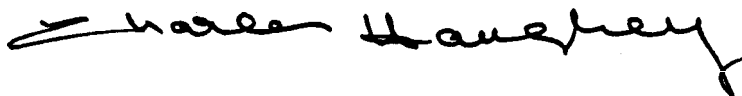
To secure such an economy we need this partnership in commitment and co-operation between the Government and the principal economic and social interests in our society. With agreement on the objectives and means to develop our society, which this Programme contains, we look forward to a decade of progress, growth and reform.

The Programme for National Recovery showed what can be done when we work together to improve our standards of living and social equity. A small trading economy cannot prosper with divisive and competing interests. That is the lesson we can learn from other small, more prosperous economies who have organised themselves to pursue agreed objectives and adopt agreed means for the development and improvement of their societies.

In the Programme for National Recovery and this Programme for Economic and Social Progress we have fundamentally changed our approach to managing our affairs. Partnership between all the interests in our society is the way forward.

This Programme gives us the capacity to transform Irish society in this decade so that we increase significantly our prosperity and distribute that prosperity more equitably and fairly.

It is the outcome of prolonged negotiations between the Government and the social partners entered into constructively by all concerned in the interests of all our people. I warmly thank and congratulate everyone involved.



Charles J. Haughey,
Taoiseach.

Section I

Strategy for the Nineties

The Need for a Long-Term Strategy

1. The Government, the ICTU, the FIE, the CII, the CIF, the IFA, the ICMSA, the ICOS and Macra na Feirme have agreed this Programme to succeed the Programme for National Recovery.

2. Submissions on the new Programme were also received by the Government from a number of organisations including the National Youth Council, the Conference of Major Religious Superiors, the Catholic Social Service Conference, the Simon Community, the Housing Centre, the Irish Tourist Industry Confederation, 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.

3. The Government have consistently stressed the need to manage our affairs firmly in accord with a clear, accepted, national strategy. The aim of that strategy is the development of a modern efficient market economy capable of continuing and sustainable economic and employment growth, the benefits of which would be equitably distributed.

4. The Programme for National Recovery, uniting the Government and the major economic and social interests in our society, marked the adoption of this approach. It stimulated significant economic and social progress. That progress confirmed the desirability of continuing the process of partnership between the Government and the social partners.

5. The Government have accepted the Irish Congress of Trade Unions' proposal to adopt a long-term strategy for the development of this country over the next decade. The employer and farming organisations have agreed to this approach.

Key Objectives of the Strategy

6. The key objectives of the long-term strategy are:

- sustained economic growth and the generation of greater income to produce a narrowing of the gap in living standards between Ireland and the rest of the European Community, based on increased enterprise, efficiency and competitiveness and maintaining a low-inflation economy;
- a substantial increase in employment;
- a major assault on long-term unemployment;

- the development of greater social rights within our health, education, social welfare and housing services;
- the promotion of collective and individual social responsibility in relation to discharge of tax liabilities, fair conduct in business dealings, sensible treatment of the environment and reasonable **use** of public services; and
- the development of worker participation, women's rights and consumers rights.

7. These objectives must be met in the context of very radical changes now taking place in the international economic environment. Developments within the EC, in particular the creation of the Single Market and Economic and Monetary Union, mean that Ireland will become still more closely integrated into the international economy. The ongoing GATT negotiations have implications which inevitably will affect the business environment for many Irish producers.

Programme for Economic and Social Progress

8. This Programme provides a strategic framework for the nineties with specific proposals for the early years of the decade on:

- macroeconomic stability policies — geared to low inflation, low interest rates and reduction of the national debt; and
- a programme of fundamental structural reforms, especially a continuation of the radical tax reform begun under the Programme for National Recovery, a major assault on long-term unemployment and a restructuring of our social services, in particular social welfare, the health services, education and housing.

9. Prospects as now foreseen require that we limit our immediate ambitions — in particular in 1991 — when external conditions and public finances possibilities are very constraining. This will enable rapid subsequent advance towards our main economic and social objectives.

10. As the decade advances, this further progress will be assisted by several forces which will give a positive, and growing, stimulus:

- On the basis of continuing growth and low inflation to the turn of the century, we can aspire to a further significant reduction in the national debt to GNP ratio to a level more in keeping with our EC partners and, in that context, to **75%** of GNP or below by the year 2000;
- This further reduction of our relative debt burden will stimulate additional improvement in financial market perceptions and in business and consumer confidence, and thereby enhance growth prospects;
- A lower relative debt burden will enable resources now devoted to debt-service, to be used for further economic and social development and taxation reform;
- Current demographic pressures on the labour market will ease, making it possible to meet our employment requirements more fully; and

—The major improvement of essential business infrastructures now underway, with the assistance of EC Structural Funds, will give increasing efficiency as the decade progresses.

1991
1992

Section II

Macroeconomic Stability

1. Fundamental to the successful implementation of the Programme and achievement of the benefits it will bring to our society, is that we maintain firm control of our public finances so that there is a steady reduction in the national debt to GNP ratio. This is an overriding principle of the Programme, it has been drafted in accordance with that principle, and that principle cannot be infringed in the implementation of the Programme. To depart from that principle would plunge the economy back into a spiral of rising inflation and interest rates, lower real incomes, declining standards of living and collapse of the investment we need to create jobs.

2. The outstanding lesson of the past four years is that macroeconomic stability is vital to economic progress in a small open economy. The central objective of macroeconomic policy in this Programme is to secure and strengthen long-term growth potential.

3. The essential themes which must run through the conduct of macroeconomic policy are those of consistency between its different elements and stability over time. Fiscal and monetary policies must underpin our stable exchange rate, and the stance on all three must remain consistent as we move through the 1990s. This is essential to achieve low inflation, sufficient to confer competitiveness gains compared with our narrow-band **EMS** trading partners. These gains will enable Ireland to obtain higher shares on export markets, will facilitate the expansion of existing businesses, will enhance our attractiveness as a location for investment, and as they have done in recent years, will pay a welcome employment 'dividend'.

4. Accordingly, over the period of this Programme:

—the aim of fiscal policy will continue to be to reduce the national debt to GNP ratio towards 100% by 1993 and, as part of this, to achieve broad balance on the current budget;

—monetary policy will operate to maintain interest rates at the lowest level consistent with international developments and the stable exchange rate policy that will be maintained within the EMS; and

—structural policies will increase competition within, improve the functioning of, and rationalise regulation surrounding, both sheltered and exposed market sectors.

5. To achieve high employment growth and lower unemployment, the evolution of incomes must also be consistent with our stable exchange rate. Consensus on responsible incomes developments at national level within the framework of sound macroeconomic policies is the optimum route to employment growth and the reduction of unemployment.

Pay and Related Matters

6. Against this background it is agreed that pay increases can be provided at a level not exceeding 4% in 1991, 3% in 1992 and 3.75% in 1993. It is also agreed that special

consideration should be given to lower-paid workers by allowing for floor increases of up to £15 per week over the three years. In addition, significant changes in the Family Income Supplement will be provided for — see paragraph 12 of Section III. It is further agreed that exceptionally employers and trade unions may negotiate further changes in rates of pay and/or conditions of employment which may be for an amount not exceeding 3% of the weekly/monthly basic pay cost of the group of employees concerned which may be implemented over the period of the Agreement on the basis of agreed criteria.

7. The nature, extent and detail of the pay regime to apply in both the public and private sectors, are dealt with in separate documents which are also included as Appendices A and B to this Programme, “Agreement on Pay and Conditions between the Irish Congress of Trade Unions and Employer Organisations” (Appendix A), “Memorandum of Understanding in relation to the operation in the Public Service of Clause 3 of the Agreement on Pay and Conditions which forms part of the Programme for Economic and Social Progress” (Annex I to Appendix A), “Memorandum of Understanding on the operation in the Construction Industry (including the Electrical Contracting Industry) of Clause 3 of the Agreement on Pay and Conditions which forms part of the Programme for Economic and Social Progress” (Annex 2 to Appendix A) and “Memorandum of Understanding in relation to Surplus Staff and Age Limits in the Public Service” (Appendix B). The Agreement commits employers, trade unions and employees to promoting industrial harmony. It is also agreed that the Government, the FIE, the CIF and ICTU will meet not earlier than October, 1992, to review the operation of the Agreement in the light of economic and fiscal developments over the period of the Agreement.

A Statutory Minimum Wage

8. The ICTU proposed, in the course of discussion, that there should be a Statutory National Minimum Wage. The employer organisations stated their opposition to this proposal.

9. During the currency of the Agreement the Employer-Labour Conference will consider all the issues involved (including the operation of the Joint Labour Committee System) in regard to a Statutory Minimum Wage and prepare a report for consideration by the constituent bodies of the Conference.

10. The Government will take steps to ensure that the minimum pay rates set by Employment Regulation Orders are enforced.

Trade Union Recognition

11. The ICTU holds the view that in recent years certain difficulties have arisen in regard to trade union recognition.

12. The Employer-Labour Conference will, during the currency of the Agreement, review all the issues involved and report to the constituent bodies of the Conference.

Working Time

13. The ICTU indicated in the discussions that they will, in the event of negotiations for a further Agreement, be seeking a general reduction in working time in the context of international developments and the economic and social situation in Ireland.

Government Policy

14. These various developments will be further complemented by the implementation, by the Government, of the various economic and social developments outlined in this Programme, subject to the over-riding consideration that the fiscal parameters outlined above continue to be observed.

15. The objective of reducing the national debt to GNP ratio towards 100% by 1993 will be attained principally through restraint on current public expenditure. This is in line with the NESAC recommendation that current public expenditure should not increase in real terms up to 1993, together with the corollary that resources must be reallocated in order to finance, within this parameter, specific undertakings in this Programme. The target for current public expenditure is demanding. It will give rise to difficult policy decisions. These will be faced up to, in the longer-term interests of all.

16. Significant improvement of growth prospects will be obtained from changes in the incentive structure implicit in public expenditure and taxation. Thus, while the medium-term growth potential of the economy will be enhanced through reductions in the national debt to GNP ratio, simultaneous efficiency gains will be sought through further restructuring taxation and expenditure programmes. As NESAC concluded, the scope for a significant fall in the overall tax burden is necessarily limited given the overall fiscal parameters. Changes will have to be accommodated through a widening of the tax base.



Section III

Tax Reform

Introduction

1. Over the period of this Programme, the Government intend to build upon and progress the reform of taxation undertaken under the Programme for National Recovery. This further reform will encompass the objectives of taxation policy already enunciated in the Programme for Government. It will accord with the needs of the economy, particularly in relation to growth and employment, and adhere to the sound economic principles set out in the National Development Plan. Improving the equity of the taxation system will continue to receive a high priority and, in this regard, the Government will take account of the recommendations made by NESAC.

2. Having regard to the overall budgetary and borrowing objectives established above, and to the need to support important spending programmes, it will be essential, even with a disciplined expenditure policy, to seek to sustain overall revenues. In this regard, there will be a need for appropriate base-broadening measures, and the merits of special reliefs and privileges, in all areas, will be critically appraised.

Taxation of Personal Incomes

3. Substantial progress was made under the Programme for National Recovery in improving the efficiency and equity of the tax system. The burden of personal income tax, which plays an important role in competitiveness and employment, was also considerably alleviated: income tax reliefs to the cumulative value of over £800m. were implemented under the Programme.

4. The success of the overall Programme strategy, both in terms of freeing Exchequer resources pre-empted in servicing debt, and of promoting economic and employment growth (generating thereby additional tax buoyancy), made it possible to considerably exceed the commitments made in relation to income tax. These were to introduce tax reductions to the cumulative value, over the three years of the Programme, of £225m. including an increase in the PAYE allowance costing £70m., and, within this provision, to make significant progress towards having two-thirds of taxpayers on the standard rate by adjustment of the standard-rate tax band.

5. In fact, income tax reliefs worth more than £800m. on this basis over the period of the Programme were introduced, including an increase in the PAYE allowance costing over £90m. The standard rate was cut from 35% to 30%, and the top rate from 58% to 53%, significantly reducing rates for the majority of taxpayers. In addition, the standard-rate tax band was extended considerably — by 21,800 for a single person and \$3,600 for a married couple — so that an estimated 63% of taxpayers now pay tax at no more than the standard rate, compared with less than 56% in 1987/88. The 48% tax band was also widened, by £300 for a single person and 2600 for a married couple.

6. The income tax exemption limits were also substantially improved over recent years,

and a child addition (now 2300 per child) was introduced, in order to remove more of those with low incomes from the tax net, and to recognise the position of those on low pay with family responsibilities.

7. Collectively, these reforms have substantially improved our income tax system by providing lower rates for the bulk of taxpayers, by raising the income levels at which higher tax rates are reached, and by making special provision for the low-paid.

8. The Government recognise that more needs to be done in all of these areas, especially in the context of tax reform and promoting employment. Income tax relief has an important role to play in facilitating continued moderation of costs, in further alleviation of the 'tax wedge', and in enhancing Ireland's ability to compete successfully in the Single Market which is imminent.

9. The Government have, accordingly, undertaken to make further improvements in income tax, according as economic and budgetary circumstances permit, over the next three years. The key objective is that the standard tax rate, now 30%, will be further reduced, to 25% by 1993; there will also be further movement towards a single higher rate. Reductions in the standard rate are of benefit to taxpayers generally, but especially to those on average incomes or lower. The Government will also give consideration to adjustment of the income tax exemption limits, and the child addition thereto, in order to further benefit those with modest incomes in relation to their circumstances.

10. Achievement of these objectives would, it is estimated, cost up to £400m. in a full year. This cost would be funded from expected economic growth, improved collection and enforcement, continuing tight control of expenditure and prudent management of the national debt.

11. In the current year, taxpayers will, of course, continue to benefit from the major income tax reliefs which took effect in April, 1990: the carryover cost to the Exchequer in 1991 of these measures amounts to some £80m. A significant step in the process of further tax reform and improvement, as outlined above, will be made in the 1991 Budget, consistent with the overall budgetary position and with the overriding necessity to achieve the fiscal targets set out elsewhere in this Programme.

12. The Family Income Supplement (FIS) represents a useful means of directing resources at the lower-paid worker, while preserving incentives. The structure of FIS will be further substantially improved. There will be significant increases in the income limit for eligibility and in the maximum weekly payments. Changes will be designed so as to improve the level of payments to all beneficiaries, particularly those at the lowest income levels. The changes will also increase the number of beneficiaries under the scheme. Eligibility will be of right, subject, of course, to application. The Revenue Commissioners, the Department of Social Welfare and the various Joint Labour Committees will undertake to contact people who, in their opinion, should apply.

Taxation & Companies

13. Following the review of the corporation tax code signalled in the Programme for National Recovery, the Government implemented, over the period 1988-1990, a series of fundamental reforms in the structure and administration of company taxation aimed at:

—An increase in the corporation tax yield through a widening of the effective tax base,

with a reduction in the top rate of tax, in line with the trend in other OECD countries;
and

- Improvement in the corporate tax regime from the standpoint of the balance of incentives between capital investment and employment-generation, and of wider economic efficiency, while continuing to encourage expansion of the industrial and service base to generate additional output and jobs.

14. Major progress has been achieved. The progressive elimination of accelerated capital allowances by 1 April, 1992, the curtailing of group relief, and the restriction of Section 84 loans have all combined to widen the effective base for taxation of corporate income. Various abuses and avoidance schemes have also been tackled. Self-assessment has been introduced and is proving very effective in improving the timeliness of payment and raising the total yield. The reduction in the top rate from 50% to 40% is especially beneficial to service industries which are labour-intensive by nature and where much of the substantial increase in total employment over the period of the Programme occurred. The 10% rate for manufacturing, which is the key tax incentive for mobile international investment, a major source of new employment, has now been extended from 2000 to 2010. The Government recently announced that there would be a similar extension of this special low tax rate to 2005 for the International Financial Services Centre and for the Shannon Airport Zone, which will greatly assist the creation of new jobs in the financial sector.

15. In consequence of the structural and administrative reforms, and also the improvement in the profitability of Irish business, there was a substantial increase in the corporation tax yield over the period of the Programme for National Recovery. It rose from £256m. in 1987 to £474m. in 1990 — an increase of some **85%**. While the future trend of corporate tax revenues will naturally depend in large measure on how profits perform and on the pattern of economic growth, it is anticipated that the taxation arrangements now in place will lead to a further increase in revenues from this source over the period of this Programme. In particular, the ending of export sales relief will afford a considerable additional boost to the yield from 1991 onwards.

16. The effective operation of these reforms during the period of the present Programme will, nonetheless, be kept under close review to ensure that the desired objectives, including an increased yield, are met. In this context, the scope for a further widening of the base for taxation, while preserving its developmental thrust, will continue to be actively reviewed. This accords with the policy aim enunciated by the Government in July, 1989, of broadening the tax base and achieving an increased yield from the corporate sector.

Indirect Taxation

17. It is the Government's desire that Ireland should participate fully in the European Internal Market from the outset. An important element of the process is the removal of fiscal frontiers, so as to enable intra-Community trade to be as uninhibited as possible. Close approximation of indirect tax structures and rates is a prerequisite for abolishing fiscal barriers; where such barriers no longer apply, significant tax differentials would lead to intolerable and unsustainable diversions of trade. Accordingly, if Ireland is to participate fully in the Single Market from the outset, close approximation of our indirect tax rates and structures with those in the rest of the Community must be attained and over a relatively short period.

18. The restrained attitude adopted by the Government towards indirect tax increases over the period 1987-89, notwithstanding the overriding requirement of restoring order to

the public finances, represented an acknowledgment of the necessity to have regard to likely developments at Community level. The 1990 Budget took more explicit steps towards the adjustment of indirect taxation which the completion of the Single Market necessitates: The standard rate of VAT was reduced by 2 percentage points to 23%, certain structural changes in VAT were anticipated, the main excise rates were again held constant and several less important excise duties were eliminated or substantially reduced. This represented significant progress towards bringing Irish indirect taxation more into line with EC norms.

19. The Government have, nevertheless, made it clear that movement towards EC harmonisation cannot be allowed to jeopardise the major improvements of recent years in the public finances and in the economy generally. Indirect taxation (particularly VAT and excise duties) has traditionally been a major source of Exchequer revenue. In order to maintain budgetary stability and to keep the tax burden on employment and enterprise as low as possible, indirect taxes must continue to make a major contribution to public revenues. Within this overall requirement, however, a radical restructuring of the indirect tax system, in terms of both the rates themselves and the goods and services to which they are applied, is needed over the next few years. Though this would be desirable in any event, in order to promote greater efficiency within the economy, the proximity of the Single Market, and the budgetary implications thereof, has made it an inescapable priority in taxation policy.

20. Future budgets will seek to make progress in a manner consistent with both the emerging EC situation and the overall domestic budgetary position. Of course, final decisions have yet to be taken at Community level on the rates of indirect tax, both VAT and excise, which will be permitted in the completed Single Market and on the structures and coverage that will apply. Nevertheless, in the area of excises, it *is* apparent from the current EC proposals, and the present configuration of rates in our Community partners, that the Single Market will require a substantial overall reduction from the level now prevailing here. In regard to VAT, it is clear, from the current proposed range for standard VAT rates in the Community, that ours will have to be further lowered. In this context, the standard rate arrangement will apply to a wider range of goods and services than is the case in Ireland at present; it is envisaged that the reduced VAT regime (including the possible retention of the zero rate) will apply to a very restricted range of categories.

21. It should be recognised in the indirect tax harmonisation process that there will be both increases and reductions across the Community and the various sectors. This is unavoidable, but, as the EC proposals now stand, the net effect of indirect tax harmonisation would be to reduce the overall level of indirect taxation in Ireland. Though this would be of benefit to inflation, the budgetary consequences are unacceptable. To that end, the Government will continue to approach the Community discussions with a view to ensuring that the burden of the adjustment implicit in the harmonisation process is not borne disproportionately by member States which have traditionally, and for wider social and economic reasons, relied upon indirect tax revenues.

Taxation of Capital

22. In the Programme for National Recovery the Government undertook to review capital taxation with a view to increasing the yield therefrom. The aggregation of benefits from all sources would, it was anticipated, increase the yield from Capital Acquisitions Tax. The yield from capital taxation has, in fact, more than doubled over the course of the Programme from £34m. in 1986 to £71m. in 1990.

23. The objective will be to increase further the contribution of capital taxes to overall revenue over the period of this Programme. Appropriate adjustments of the present structure of the taxes to this end, and to improve the efficiency of capital taxation generally, will be actively considered. Steps will also be taken, as judged necessary, to make administration more effective, in order to achieve better collection and enforcement. In contemplating changes, the Government must be concerned to ensure that capital taxation conforms with effective use of the economy's resources and its development, and that, in relation to Capital Acquisitions Tax (CAT) in particular, an undue burden does not fall on individual taxpayers. The treatment of farmland under CAT will be examined with urgency from the standpoint that the tax should not inhibit efficiency and necessary structural change, including early transfer, in the sector.

Tax Administration, Collection and Enforcement

24. In pursuance of their commitment in the Programme for National Recovery to improve tax collection and enforcement, stamp out arrears and ensure prompt payment of tax liabilities as they arise, the Government took a series of major initiatives in the area of tax administration over the period. The **1988** tax amnesty yielded an estimated **£500m.** and resulted in a dramatic acceleration of payment of arrears. The change to self-assessment for the self-employed and for companies, and the related move to a current-year basis of income tax assessment for the self-employed, have enabled the Revenue Commissioners to switch resources away from the routine processing of compliant cases in order to concentrate on the detailed examination and pursuit of non-compliant taxpayers and the black economy, and to offer an improved service to taxpayers and their advisers. Measures such as the power of attachment, general and specific anti-avoidance provisions, withholding tax, and the extension of the tax clearance procedures to State grants as well as contracts, have resulted in a much more effective system of collection and enforcement and have contributed to curbing abuses.

25. The Government are committed to building on what has been achieved in improving compliance, ensuring prompt payment of liabilities, reducing arrears, developing audit programmes and tackling the black economy. They will continue to implement whatever changes are necessary to ensure that tax administration, enforcement and collection are as effective and as equitable as possible.

Black Economy

26. Regulations were brought into operation in January, **1989**, requiring employers in the construction, contract cleaning, forestry and security industries to notify the Department of Social Welfare of any new employees taken on by them. Failure to comply can result in prosecutions leading to fines of up to **£10,000** or imprisonment for up to three years, or both. The regulations were extended to cover sub-contractors in the construction and forestry industries with effect from **1 January, 1990**. The regulations will be extended to other sectors.

27. In January, **1990**, the Joint Social Welfare/Revenue Investigation Unit (SIU/JIU) was expanded to operate on a nationwide basis. The object of the expanded Unit is to utilise the combined powers of the Social Welfare and Revenue Inspectorates in tackling abuses of the social welfare system and evasion of PAYE and PRSI. Social Welfare has provided **58** full-time staff in **10** areas around the country. The Revenue input is **2** full-time Tax Inspectors in Dublin and **13** officers are engaged on a half-time basis on JIU work in other areas.

Further action will be taken to improve Social Welfare/Revenue co-operation in black economy type investigations and, where necessary, additional resources will be deployed.

28. The Black Economy Monitoring Group, which was set up in April, 1990, under the Programme for National Recovery, is drawn from the Revenue Commissioners, the Department of Social Welfare, the CIF, the FIE and the ICTU. It will continue its work of reviewing the effectiveness of the measures introduced to combat the black economy.

29. The CIF/ICTU Construction Industry Monitoring Agency, funded jointly by employers and employees, monitors black economy activity in that industry.

Section IV

Social Reform

1. This Programme provides for major structural reform in particular in achieving greater social equity. The following paragraphs set out specific Government policies and commitments in the areas of Social Welfare, Health, Education, Housing, Justice, Official Development Assistance, Equality and People with Disabilities.

SOCIAL WELFARE

Introduction

2. The Government are committed to an ongoing programme of reform of the social welfare system broadly within the framework outlined by the Commission on Social Welfare. The overall objective in developing the social welfare system under the new Programme will be to build on the improvements which have already been made in the context of the Programme for National Recovery, to respond in a flexible way to changing circumstances and emerging needs and to continue to develop a more streamlined and efficient social welfare system while continuing to maintain the benefit of entering employment.

3. Social welfare expenditure is exceptionally high in the Irish economy because of our high unemployment and our high dependency ratio. In recent years it has represented annually about 17% of GDP as compared with an average of less than 14% for OECD countries as a whole. This comparison reflects the strong commitment of Irish society to redistribution policies within the possibilities of its material resources at its present level of development.

4. Rates of social welfare payments have been substantially increased in real terms under the Programme for National Recovery. In the case of long-term benefits, the rate of increase was 27% while all benefits were protected against inflation. A major objective in the context of a new Programme will be to ensure that social welfare recipients are protected and their living standards maintained and, where possible, improved. The costs of further improvements in social welfare benefits are very substantial. Every increase of 1% in benefit to match inflation costs £25m. in a full year. On the assumption of an annual 3% rise in inflation the annual cost of protecting weekly social welfare benefits against inflation would be £75m. Over the decade the cumulative cost would be in excess of £4bn. The achievement of real increases in rates of payments over and above inflation will be costly and will depend on the achievement of further improvement in the economy.

5. Considerable progress has also been made in recent years in streamlining the social welfare system. Social insurance cover has been extended to further categories and improvements in a number of social assistance schemes have been introduced. The further development of social insurance provision and the achievement of greater integration of social assistance provisions will be an important objective in the new Programme. Particular attention will be given to provisions for families with children so as to achieve better

integration of the measures currently available to support families having regard to the need for equity as between families at work and families dependent on social welfare.

6. Changing demographic patterns, the changing economic and social environment, changes in the labour market, changes in the international environment and developments in EC legislation will also affect the social welfare system and will have to be taken into account in the context of the development of the system. Greater flexibility will be necessary within social welfare schemes to encourage and facilitate more people in regaining a foothold in the labour market.

7. Further improvements in the delivery of social welfare services to achieve a more localised and effective service with easier access for clients will also be a priority. Further emphasis will also be given to the control of fraud and abuse of social welfare schemes.

8. In recent years, the social welfare system has become involved in areas outside the traditional sphere of social security. The introduction of legislation in the area of occupational pensions is one aspect of this and further developments in the area of occupational pensions and sick pay provisions will be an important feature over the coming years.

9. The role of the Department of Social Welfare has also developed in a major way into the broader 'welfare' area and the Department has become more involved with voluntary organisations and community-based groups in the provision of services. The further development of policies in this area will be an important priority.

Rates of payment

10. The Commission on Social Welfare has made a series of recommendations to improve the standard of living of social welfare recipients in order to alleviate poverty in our society while continuing to maintain the incentive to work. The total annual cost of achieving the Commission's rates of payment in 1990 terms is £327m. It is evident, therefore, that giving effect to these rates of payment presents very serious problems of resources which can only be resolved as the economy grows. The Commission identified priority increases as the first essential step in bringing rates to minimum acceptable levels.

11. The Government now commit themselves under this Programme to the following:

- (a) to continue to protect social welfare rates against inflation,
- (b) to move by 1993 to the priority level of rates recommended by the Commission on Social Welfare involving an estimated additional full year expenditure of £65m. (on the assumption of an annual 3% inflation rate), and
- (c) thereafter, to increase social welfare rates further and progressively, in accordance with the recommendations of the Commission on Social Welfare, as the resources of the economy grow.

Social Insurance Base

12. Social insurance coverage will be extended on an appropriate basis to part-time workers as a matter of priority.

13. A fundamental review will be carried out of the coverage and conditions for entitlement to social welfare pensions in the light of the final report of the National Pensions Board, due shortly.

14. The removal of anomalies in the conditions for entitlement to social insurance benefits and pensions will be given priority. Within the general review of pension entitlements, measures will be taken as a matter of urgency to deal with the problems associated with persons having a mixture of full-rate and modified-rate social insurance.

Child Income Support

15. Recent reports have highlighted the particular requirements of families and the need for a particular focus towards families. In that context, resources on a scale necessary to implement the additional child income support measures recommended by the Commission on Social Welfare (some £69m. in 1990 terms) will be devoted to child income support over a ten-year period, the particular measures to be taken to be worked out in the light of up to date information on child and family circumstances and in the light of available resources.

16. Special attention will continue to be given to the position of people at work on low incomes through the further development of the Family Income Supplement (FIS) as was set down in paragraph 12 of Section III.

Treatment of Households

17. A review of the treatment of households within the social welfare code has been completed by a special Household Review Group. The report of this Group will be discussed with appropriate interests. Developments at EC level in relation to equal treatment on matters of social security will be fully taken into account in the context of the future development of the system.

Streamlining

18. Further attention will be given to greater integration of social assistance provisions and streamlining of means tests to ensure a more effective and client-oriented system. This will include the greater integration into the social welfare system of the supplementary welfare allowance provisions and other related provisions currently administered by the Health Boards.

Flexibility

19. The range of options, opportunities and incentives to the unemployed, lone parents and other social welfare categories aimed at their return, where appropriate, to the workforce will be improved.

Occupational Pensions and Sick Pay

20. The Government are in favour of comprehensive and adequate coverage of occupational sick pay and pension schemes.

21. Legislation to regulate occupational pension schemes has now been implemented and a statutory Pensions Board has been established to oversee the implementation of the legislation. The future role of occupational pension schemes, a national income-related pension scheme and the appropriate relationship of State and occupational provisions will be addressed in the context of the final report of the National Pensions Board which will be available shortly. Following publication, the recommendations in the final report will be discussed with the appropriate interests.

22. The area of occupational sick pay provision will be reviewed and the future relationship of employers' sick pay schemes and the social welfare disability benefit scheme will be examined in that context.

Voluntary Organisations

23. Closer links will be developed with voluntary organisations providing services of advice and assistance to social welfare recipients. The existing schemes of support for voluntary and community organisations, including the special grants scheme for locally-based women's groups and the community development programme, will be reviewed.

24. Having regard to the contribution which voluntary organisations make in delivering services and combatting poverty, the Government will draw up a charter for voluntary social services in Ireland which will set out a clear framework for partnership between the State and voluntary activity and develop a cohesive strategy for supporting voluntary activity. A White Paper outlining the Government's proposals in this area will be prepared.

Delivery of Services

25. As part of the ongoing improvements in the delivery of social welfare services, an integrated and wide-ranging service to social welfare clients will be provided through local Social Welfare Services Offices. Particular emphasis will be placed on the development of a self-sufficient information service designed to meet the needs of the local community.

26. Further measures will be developed to control fraud and abuse of the social welfare system by both employers and claimants. The regulations requiring employers in certain sectors to notify the Department of Social Welfare of the commencement of employment of any new employees will be extended to other sectors. In addition, the system whereby RSI numbers are assigned to individuals will be taken over by the Department of Social Welfare from the Revenue Commissioners with a view to its more widespread use for social welfare and related services.

27. The ongoing programme of modernising and improving accommodation and facilities for social welfare clients around the country will be continued with a view to providing an accessible and dignified service with due regard to adequate facilities for transacting private and confidential business.

HEALTH

Introduction

28. The Government are committed to a radical overhaul and development of our health services. This will be based on the following key principles which have already been set out by the Minister for Health in Dáil Eireann:

- (a) The overriding principle is to provide a comprehensive, equitable and efficient health-care system based on prevention, diagnosis, treatment, management and rehabilitation,
- (b) The focus is to be on the patient at all times,
- (c) There will be a practical rather than an ideological approach to organisational structures: any changes in structures will take account of the needs of patients and of the strengths and traditions of individual organisations within an overall

framework for delivery of services. It must also reflect the interests of the patient, the people who deliver the services and the taxpayer,

- (d) Particular emphasis will be placed on developing primary health care so that patients can be dealt with at the level appropriate to their need,
- (e) Better information on health needs and the performance and costs of individual services and institutions will be generated for policy formulation and management,
- (f) A high quality management will be sustained and developed as a tool for the achievement of a better service, and
- (g) Accountability for the use of resources in accordance with service requirements will be strengthened.

Development of Community-based and associated services

29. Under this Programme, primary care and other community-based services will continue to be developed so that health problems are dealt with at the appropriate level. The developments will cover the elderly, people with a physical or mental handicap and psychiatric patients to enable those already living in the community to continue to do so and to enable others in long-stay institutions to move back into the community. There will also be major improvements in child care and family support services, as well as in orthodontic and adult dental services. The planned expansion and development of community care services, will, of necessity, have to be implemented in a phased and progressive manner over a period of years, as the resources of the economy grow, to enable a service to be put in place which will be capable of dealing effectively with the needs of these target groups in a community setting.

30. These improvements will complement developments already underway in the area of general practice following the agreement in 1989 between the Department of Health and the Irish Medical Organisation on a new form of contract for general practitioners. The agreement provides for regular reviews, the first of which is at present taking place, to see what further improvements can be effected in general practitioner services.

31. A seven-year programme is envisaged to give effect to the improvements in community-based and associated services, which are set out in detail in the paragraphs which follow. The overall additional cost is estimated at

- an additional capital investment of £100m. at 1990 prices over the course of the programme, and
- progressive increases in the annual level of current expenditure which will, by the final year of the seven-year programme, be £90m. above the present annual level in real terms.

The initial funding will be announced in the 1991 Budget and the subsequent funding to implement the seven-year programme will be provided in subsequent Budgets.

(i) *The Elderly*

32. Services for the elderly will continue to be developed. The priorities for service development under the programme will be to:

- expand home nursing and other support services for the elderly and their carers living at home;

- extend respite facilities to relieve the families caring for dependent elderly at home;
- provide specialist assessment and rehabilitation units associated with the main acute general hospitals, and
- ensure adequate numbers of extended care beds in those boards experiencing a rapid increase in the elderly population, particularly in the Eastern Health Board.

These priorities are based on the recommendations in the Report of the Working Party on Health and Welfare Services for the Elderly, “The Years Ahead” and take into account the provisions of the Health (Nursing Homes) Act, 1990.

(ii) *Physically Disabled*

33. Services for people with physical disabilities will continue to be expanded by the provision of community-based support services. Priority support services will be:

- provision of additional paramedical services, i.e. physiotherapy, speech therapy, occupational therapy;
- provision of additional day care centres;
- provision of respite care facilities;
- provision of additional home support Services, and
- new training workshops and improvement of existing facilities.

A number of additional residential places for physically disabled people will also be provided.

(iii) *Mental Handicap Services*

34. Additional resources will be made available to enable an appropriate mix of community and residential services to be provided for the mentally handicapped so that those with the capability to live in the community can do so while those for whom this approach is not feasible can be provided with a residential place. Community services will be developed by the expansion of the network of group homes, day care places and respite care.

35. In addition, there are 1,500 people with mental handicap inappropriately placed in our psychiatric hospitals who should be transferred to the mental handicap services. This transfer will be facilitated by expanding community-based mental handicap services.

36. Support services for people with mental handicap and their carers in the community will also be strengthened. Special attention will be paid to the needs of young adults with mental handicap, and the adult mentally handicapped currently being cared for by ageing parents.

37. The priorities which have been identified are based on the recommendations of the Report of the Review Group on Mental Handicap Services which will be published shortly.

(iv) *Psychiatric Services*

38. Policy on psychiatric services has been based on the principles set out in the Study Group Report “Planning for the Future”. The emphasis continues to be on moving to a community-oriented service providing facilities outside the traditional psychiatric hospital setting.

39. Resources will be made available to provide for:

- the continued development of specialist assessment and rehabilitation units associated with the main acute general hospitals;
- additional places in day centres, workshops and supported hostels;
- the further development of child and adolescent psychiatric services;
- the development of community alcoholism programmes, and
- the further development of alternative approaches to the delivery of psychiatric services.

(v) *Child Care Bill*

40. The Child Care Bill represents a major up-date of the law in relation to the care of children, particularly children who have been assaulted, ill-treated, seriously neglected or sexually abused or who are at risk. It places a statutory duty on the Health Boards to promote the welfare of children up to the age of 18 years who are not receiving adequate care and protection.

41. It is proposed to implement the Bill, when passed, on a phased basis and gradually to increase the number of social workers, psychologists and medical staff over the period of the seven-year programme. Additional residential facilities will be provided and there will be an increase in home support services for problem families. Arrangements will also be introduced for the inspection and supervision of pre-school services.

(vi) *Dental Services*

42. The work on enhancing orthodontic and adult dental services, which began as a result of the 1990 Budget, will be continued and intensified under the seven-year programme. Additional resources, above those already provided, will be made available for this work.

43. The provision of adequate levels of service in the public dental scheme will require the recruitment of additional staff and the training and development of existing staff. It will also require the re-equipping of existing Health Board dental facilities and the commissioning of new facilities to provide such services.

44. These structural issues are central to the long-term development of the dental service and will be addressed over the seven-year programme.

(vii) *Health Centres*

45. Provision will be made to enable a major programme of health centre development to be completed over the seven-year period.

Eligibility for Health Services

46. An objective of this Programme is to ensure the greatest possible equity in the availability of health services, particularly in relation to equity of access to public hospital services. To this end, it has been agreed as part of the Programme and having regard to the recommendations of the Commission on Health Funding and of the NESC, that a number of changes to the present eligibility structure are required.

47. The income limit for Category 2 eligibility (i.e. entitlement to a Hospital Services Card) will be abolished from 1 June, 1991, leading to two categories of eligibility instead of the present three:

- Medical Card holders will continue to be entitled to the full range of public health services as at present, and
- all others will be entitled to the services currently available to those at present in Category 2.

48. There will be some modification of the present arrangements for admission to public ward accommodation in public hospitals. Under the new system, consultants' private patients availing of public hospitals for elective (i.e. non-emergency) treatment will eventually be accommodated only in private or semi-private beds. This system will be phased in gradually during which period admission arrangements will be kept under review to ensure that they operate in an equitable manner.

49. The Government are committed to maintaining the position of private practice both within and outside the public hospital system. The Government **also** recognise the crucial role played by voluntary health insurance. In gradually implementing the new system the Government will be sensitive to the need to ensure that the public hospital system caters adequately for the requirements of private patients and that the important role and contribution of voluntary health insurance is not diminished in any way.

50. The assessment procedures for Medical Card eligibility must be sufficiently flexible to ensure that no person in genuine need of a Medical Card suffers hardship through failure to obtain one. There is also, however, a need for uniformity and consistency in the procedures so that persons in similar circumstances are assessed similarly in all areas. The Chief Executive Officers of the Health Boards will be asked to carry out an early review of the methods of assessment used throughout the country so as to ensure that both these objectives are met.

51. The Minister for Health has already announced that a statutory Medical Card Appeals System is being introduced; also that Regulations are being made to provide that a person who would otherwise be eligible for a Medical Card cannot lose this entitlement solely as a result of availing of the Family Income Supplement or the Social Employment Scheme.

The Administration and Management of the Health Services

52. The Government will during 1991 announce proposals for improvements in the administration and management of the health services in order to ensure the most efficient and effective use of the available resources and to address the recognised problems in relation to the co-ordination of services in certain areas.

53. The Government's proposals will take account of the analysis and recommendations of the committees which have recently examined various aspects of this issue including the Commission on Health Funding, the Dublin Hospital Initiative Group, the Hospital Efficiency Review Group and the Cabinet Sub-Committee and Advisory Expert Committee on Local Government Reorganisation.

54. The proposals will be guided by the following general principles:

- the Minister and Department should be responsible for the development of health

policy and the control of expenditure but should not be involved in the detailed management of individual health services, A Performance Audit Unit will be established in the Department of Health to assist the Minister in assessing the efficiency and effectiveness of the health services;

- greater responsibility for the management of health services will be devolved to the appropriate executive agencies, and
- it should not be necessary to increase the total number of administrative staff employed in the health services.

The Patient's Rights as a Consumer

55. The Government recognise the central position of the patient in all aspects of the organisation and delivery of health care. To this end, a "Patients' Charter" is being developed which will be based upon the following principles:

- the right of access to services in accordance with need;
- the right to considerate and respectful care;
- the right to privacy;
- the right to information;
- the right to confidentiality of all medical records;
- the right to refuse to participate in research projects;
- the right to respect for religious and philosophical beliefs, and
- the right to make a complaint.

56. There is a particular need for improvements in hospital out-patient services. Measures will be introduced to minimise waiting times by patients, provide comfortable waiting areas with appropriate amenities and provide patient information leaflets.

Women's Health Services

57. A diagnostic mammography service is available at fourteen hospitals throughout the country. The Department of Health is supporting a major breast-screening programme currently underway at the Mater Foundation. This programme is part of a network of pilot schemes on breast-cancer screening underway within the European Community. The objective of the screening programme is to evaluate the validity of mammographic screening tests and the uptake of the programme by the target population. Decisions on the national policy to be followed in this area will be based on the results of the pilot scheme.

58. A cervical-screening service is available to all women through their general practitioners, family planning clinics, maternity hospitals and special clinics organised by Health Boards. Smears are analysed in a number of hospital laboratories throughout the country. Over the past two years there has been considerable improvement in the reporting of results of cervical smear tests and the Department of Health continues to monitor the reporting of cervical smear tests to ensure that no undue delay occurs. The Working Group on Cervical Screening will be reconvened in order to consider what further improvements can be made in this area.

59. The operation of family planning services will be kept under review in association with the relevant organisations.

Health Promotion

60. The prevalence of many serious illnesses in Ireland today can be reduced significantly through changed behaviour and lifestyle. Accordingly, the promotion of positive health has in recent years been given a high priority by the Government and will, as in the case of the revised contract with general practitioners, inform the Government's decision-making in all areas of health care.

61. Conscious of the important role which the good health of the workforce can play in the improved capacity of organisations, unions and management on a joint basis and in conjunction with the Department of Health's Health Promotion Unit, relevant voluntary organisations and, where appropriate, the Health and Safety Authority, will implement pilot health promotion projects in occupational settings which will address the lifestyle risk factors which are prevalent among the adult population, such as smoking, alcohol abuse, unhealthy diet and inadequate exercise.

62. As part of its remit of promoting positive health in the community, the Health Promotion Unit will continue to incorporate information campaigns targetted at women into its general campaign strategies.

Drug Costs

63. The Government will continue their policy of controlling the cost of drugs consistent with the medical needs of the patient. A new three-year agreement on drug prices with the Federation of Irish Chemical Industries is now in place which will result in a significant reduction in prices.

64. Apart from prices, the Government are considering other mechanisms to control drug costs, including agreements with the medical profession on appropriate cost-effective levels of prescribing. The Government are committed to the greater use of generic drugs and propose to issue shortly a National Drugs Formulary to assist doctors in cost-effective prescribing.

65. The new drug cost subsidisation scheme, which is now in operation, will be of significant benefit to persons with an ongoing requirement for prescription medication in cases where the long-term illness scheme does not apply.

EDUCATION

Introduction

66. This Programme confirms the importance of the education system for the future well-being of the country as well as its role in the country's economic development. The Programme affords an opportunity of agreeing a broad education policy to the end of the decade. The overall strategy in education may be simply stated: to provide the opportunity for all to develop their educational potential to the full. This will be achieved by:

- providing a broadly-based education for all ability levels during the compulsory cycle of education (6-15 year olds);
- encouraging and facilitating pupils to continue in full-time education during the post-compulsory period (16-18 year olds) by providing a range of education/training programmes suited to their abilities and aptitudes;

- providing post-secondary education for all students interested in pursuing such education and capable of benefitting from it;
- intensifying efforts to address the needs of those with educational difficulties and under-achievers in particular during the compulsory cycle;
- providing second-chance education or training for those leaving the system prematurely, and
- facilitating mature students within the education system in upgrading their education or training levels.

67. Particular attention must be paid to children suffering educational or social disadvantage through early identification of those children allied to positive intervention to support them through the provision of remedial teaching, guidance and counselling and the development of home/school links. Such a programme will in itself increase retention rates in education among disadvantaged groups. For those pupils who have left the system without reaching their full potential the development of specific programmes for second-chance education will be pursued. Such programmes are at present provided through schemes such as Youthreach, the Vocational Training Opportunities Scheme and a number of literacy and community schemes.

68. Resources will be targetted to assist the disadvantaged in availing of the various educational or training services.

Areas for action in Programme

69. Within the foregoing broad general framework, it is proposed to initiate action on a number of specific areas as follows: —

- (a) At primary level, the overall pupil/teacher ratio will be reduced to 25:1 by September, 1992. This will be achieved by retaining all existing posts in 1991 and 1992 and by creating 250 new posts in September, 1991, and the balance required to achieve the 25:1 ratio in September, 1992; this process will aim at reducing overly large classes and meeting the needs of the disadvantaged. The position will be reviewed at end 1993,
- (b) A pupil/teacher ratio of 19:1 for recruitment purposes at second-level will be phased in over 1991 and 1992 — half of the additional 500 posts to be provided in 1991 and the balance in 1992,
- (c) A further 60 posts will be allocated to post-primary schools in disadvantaged areas for the 1991/1992 school year. The allocation of these posts will be on the basis of criteria already agreed, subject to their being re-examined to ensure that bigger schools with significant numbers of disadvantaged pupils will benefit. The situation will be reviewed in 1993,
- (d) A phased programme, starting in 1992/93 and for completion in 1994/95, will be introduced to provide for the recognition on an ex-quota basis of vice-principal teachers in post-primary schools of 500 pupils and over,
- (e) A phased programme, starting in 1992/93 and for completion in 1994/95 will be introduced to provide for the recognition on an ex-quota basis of 0.5 of a whole-time post for guidance in secondary and community/comprehensive schools in the 350-499 enrolment category, with a similar provision for vocational schools to be made on a VEC Scheme basis in consultation with management and teacher representatives,

- (f) A six-year cycle of post-primary education will be introduced for all pupils commencing their post-primary cycle in 1991,
- (g) The Department of Education is at present undertaking a study on the future in-service training needs of teachers at primary and post-primary levels. The findings of this study will be available in the first quarter of 1991. It is proposed to allocate an additional £0.5m. in 1992 and Elm. in 1993 and subsequent years for in-service needs to include developing teachers' skills in the areas of pupil assessment, in dealing with disadvantaged pupils and in the area of the organisation and management of schools,
- (h) It is proposed to introduce a phased programme commencing in 1992 to expand the provision for caretaking and clerical services to all national schools with 100 pupils upwards and to second-level schools with 200 pupils upwards. For this purpose in the case of national schools not being provided with such services under existing arrangements, including the Social Employment Scheme, an additional grant not exceeding £15,000 (500 pupils × £30) will be paid to schools of 500 pupils upwards with a pro-rata provision related to school size for schools in the range 100-499. For secondary schools the maximum increase in capitation grant will amount to £17,500 (350 pupils × £50) for schools of 350 pupils upwards with a pro-rata provision in the range 200-349. These arrangements will be complemented at all school sizes, where appropriate, by provisions under the Social Employment Scheme. Additional staffing requirements of community, comprehensive and vocational schools related to mainline school programmes will be devised by applying the norms for secondary schools and deducting existing staffing complements related to such activities. The programme will be phased on the basis of school size. In determining staffing level regard will be had to the requirements of a range of additional programmes — VTOS, VPT, Youthreach, Literacy Programmes, Evening Programmes etc., as well as the staff needs of VECs. The position will be reviewed at end 1993. The existing rates of capitation grants to schools will be considered in the light of an examination currently being undertaken of unit costs at primary and post-primary levels,
- (i) An allocation of Elm. in 1991, £2m, in 1992 and £3m, in 1993 additional to current provision will be provided to assist in various areas of disadvantage at all levels of the education system. Specific areas for attention in this context would, subject to priorities, be the development of home/school links, the enhancement of the Free Books Scheme, literacy programmes, initiatives for the improvement of retention rates in the education system and for the improvement of access to third-level education for those from disadvantaged areas,
- (j) The number of third-level places will be expanded. Initiatives include the provision of 3,600 places in universities under arrangements initiated by the Government in the 1990 Budget, the provision of funding to UCD for the acquisition of Carysfort College (600 + places at Belfield), the utilisation of spare capacity in the Colleges of Education (including Thomond College) involving linkages within the university system (1,500 places) and the provision of a new Regional Technical College in Tallaght, Co. Dublin, and other third-level facilities under the National Development Plan (2,000 places). The possibility of a further 1,000 places being provided with private sector financial participation is being explored by one of the Universities. In all, about 8,800 additional third-level places are being provided through these developments,
- (k) Central services and physical facilities in VEC third-level Colleges will be further strengthened to enable them to cope with increased enrolments. An additional Elm.

annually will be provided for central services from 1992 onwards. Additional capital provision is included under paragraph (p),

- (l) In the context of the provision of additional places, initiatives for increasing participation in third-level education by mature students through improvements in the Higher Education Grants Scheme are set out in paragraph (m). An allocation of third-level places would be made for mature students from disadvantaged areas as an extension of the existing provision for mature students together with support or access programmes where necessary. In addition, the targetting of places for the disadvantaged would be further strengthened through linkages between specific second-level schools and third-level institutions, the appointment and designation of an appropriate member of the staff of the institution to oversee the linkages, the joint monitoring of performances of the pupils particularly during the senior cycle and consideration of initiatives from other institutions such as the National College of Industrial Relations,
- (m) The Higher Education Grants Scheme will be re-examined in the context particularly of (i) increasing the income eligibility limits for families with more than one child attending third-level, (ii) assessing income eligibility of mature students who are not dependent on their parents, on the basis of their own and, if married, that of their spouses' incomes (iii) regarding mature students who secure a place in a third-level institution as satisfying the academic requirements and (iv) the development of more equitable income assessment criteria for all applicants,
- (n) The Vocational Training Opportunities Scheme (VTOS) for the long-term unemployed will be further developed and expanded as will the Youthreach Scheme for early school leavers and other literacy and community programmes. Developments will include greater promotion of courses and seeking out of those in need of help, more systematic monitoring and evaluation of achievements in meeting objectives, certification of attainment, development of bridging or access courses for those completing to facilitate progress to VTOS, VPT, FAS and other courses and the strengthening of arrangements and implementation capabilities at the local level to include the assignment of appropriate VEC staff to co-ordinate these developments. Progress will be monitored by the Central Review Committee in the context of the Area-Based Strategy referred to in Section VII,
- (o) Strategies for continuing and adult education will be addressed within available resources by providing end-on skill training for those completing their formal schooling so as to equip them for the world of work; providing second chance education/training including literacy programmes for those who leave the school system prematurely; facilitating mature students within the educational system in upgrading their education or training levels; co-operating with FAS in relation to its training remit for the workforce. Other adult education initiatives by educational institutions generally, responsive to demand, and on a self-financing basis are being promoted. A consultative group will be set up to advise on an ongoing basis on development needs in adult education and training,
- (p) A programme commencing early in 1992 to upgrade or replace all sub-standard buildings at primary, at second-level and at VEC third-level Colleges by the year 1997 will be implemented. Funding additional to the current capital provision will be provided with £4.5m. provided in 1992, £8m. in 1993 and £11.5m. in 1994 and thereafter as required,
- (q) A Green Paper framed as a strategy paper on Education, will be issued by Summer, 1991, and will afford the opportunity to all parties to offer views. It will be comprehensive in its coverage and will relate to all aspects of education including

adult education. Following consideration of the various views a White Paper will issue in early 1992 setting out the Government's policy and will be followed by an Education Act,

- (r) The Programme recognises that, in the light of demographic trends in the education sector, particular attention must be given to ensuring the most effective use of available teaching resources. Discussions will be held with the teachers' unions aimed at developing more flexible arrangements under which teachers in any one sector of the post-primary system may be redeployed to schools in any of the three post-primary sectors, subject to agreed limits in regard to the distances involved, and
- (s) Proposals set out above regarding the provision of ex-quota vice-principal teachers and of clerical and caretaking staff are aimed at strengthening the management structure of schools. In this regard also, it is proposed to hold discussions with interested parties with a view to defining and strengthening the respective roles of Boards of Management, Principals, Vice-Principals and holders of other posts of responsibility in the management and day-to-day running of schools.

Youth Services

70. Youth services complement services provided in and out of school by the education system and by FAS with a variety of objectives including:—

- (a) the general, moral, cultural, emotional, physical and social development of young people,
- (b) welfare of youth especially those who are disadvantaged or at risk,
- (c) out-of-school education and personal development,
- (d) constructive use of leisure time by young people including voluntary service, and
- (e) national and international activities.

71. The services will continue to be provided in a variety of forms encompassing: mainline youth work services, out-of-school education, recreation and leisure activities mainly operated by voluntary youth organisations independently or in conjunction with VECs, special services mainly for the disadvantaged, support for youth exchange services, the development of local voluntary councils, etc.

72. Developments for the period of the Programme will focus on supporting voluntary efforts and the continued development on a phased basis of local voluntary youth councils. Further supportive action will be taken to establish a monitoring system, research and development programmes and in-service training for volunteers and full-time youth workers.

73. Youth services will be kept under review in consultation with the social partners and youth organisations.

The Role of Parents

74. Parents in recent years have become increasingly involved with schools in the education of their children. They are formally represented on the Boards of Management of primary and many post-primary schools. These developments are consistent with the role of the family as "the primary and natural educator of the child", acknowledged by the Constitution.

75. In furtherance of this acknowledgement there should be an active parents' association in connection with each individual school, to promote and develop effective and positive participation by parents in education at the school level. Schools will be informed accordingly.

76. The National Parents' Council provides representation for parents, as partners in education, on various Government-appointed educational bodies. Through its representative function, the Council is making a distinctive and valuable contribution to central planning and policy development in education.

77. Positive parental interest is crucial to a child's educational attainment. It must, therefore, be an essential strategy of educational policy and practice to promote parental involvement in the education of their children. To this end, the Department of Education proposes to support development programmes of the National Parents' Council aimed at increasing the level and quality of involvement by parents in education, particularly in disadvantaged areas. It proposes to pay an annual grant of £25,000 to each of the two tiers of the Council to assist them with such programmes.

78. In addition, it is proposed that the effectiveness of their participation, with particular reference to school management, should be strengthened within the programme of in-service training.

HOUSING

Introduction

79. The Government are committed to pursuing housing policies with the broad objective of ensuring that every household has a dwelling suitable to its needs, located in an acceptable environment, at a price or rent it can afford. Strategy over the period of the Programme will include:

- promoting owner occupation as the form of tenure preferred by most people;
- developing and implementing responses appropriate to changing social housing needs, and
- mitigating the extent and effects of social segregation in housing,

80. Significant reductions in the size of the local authority housing programme were possible in the mid and late 1980s as the numbers on local authority waiting lists fell from the peak level of 30,000 households in 1982. In December, 1988, there were just under 17,700 approved applicants for local authority housing. However, the first assessment of local authority housing needs carried out under the new provisions of the Housing Act, 1988, showed needs increasing to 19,400 in September, 1989. This assessment included, for the first time in many local authority areas, the needs of homeless persons and single persons who were not elderly. The assessment did not include homeless persons who were not seeking local authority housing.

Future Policy

81. Having regard to the increase in needs, the Government increased the capital provision for the local authority housing programme (which includes the provision of housing and the carrying out of remedial works to existing housing) in 1990 to £48m. The provision is being further increased in 1991 to £59.6m. This increase is an indication of the Government's recognition of the need to respond to the rise in needs. For the future, the Government will approach the demand for local authority housing on two fronts:

- maintaining the local authority housing programme at a level appropriate to the increasing need having due regard to resources, and
- going ahead quickly with a range of complementary and innovative measures already developed as a more diverse response to social housing needs which will reduce the traditional degree of reliance on local authority housing.

82. The new measures will, in particular, aim to increase access to home ownership by households not able to afford full ownership from the start and to support and expand the role of voluntary and co-operative housing. The measures will involve:

- (i) expansion and development of the voluntary housing scheme including the introduction of a new rental subsidy;
- (ii) introduction of a system of shared ownership;
- (iii) assistance to tenants and tenant purchasers of local authority houses wishing to purchase private houses for themselves;
- (iv) where appropriate, the improvement or extension of unfit or overcrowded housing occupied by approved applicants for local authority housing instead of providing a new local authority house, and
- (v) provision of subsidised sites by local authorities.

The Homeless

83. In relation to the particular problem of homelessness:

- (i) local authorities will, in conjunction with the next assessment of housing needs which is to take place in March, 1991, include an assessment of the number of homeless persons (whether or not seeking local authority housing): voluntary bodies working with the homeless will be consulted in carrying out the assessments;
- (ii) special steps will be taken by the Department of the Environment to ensure the full implementation both in the letter and the spirit by local authorities of the guidelines already issued in relation to Section 10 of the Housing Act, 1988, on the accommodation of the homeless which provide for setting up arrangements for consultation with voluntary bodies and Health Boards, and
- (iii) the Child Care Bill imposes a clear obligation on Health Boards to provide accommodation for homeless young people up to 18 years: this represents an important legislative advance when taken in conjunction with the new powers being given to Health Boards to develop child care and family support services.

Travelling People

84. The Government are fully committed to maintaining progress on meeting the accommodation needs of travelling people. The special capital provision of £3m. will be maintained in 1991 and following years and local authorities have been and will continue to be urged to push ahead as quickly as possible with specific proposals to accommodate the travelling people in their areas.

Management of Local Authority Housing Estates

85. There are benefits to be obtained from an improvement in the management of local authority housing estates. Good management practices encourage tenant participation and involvement in the running of the estate and help to counteract tenant alienation. Improved

housing management is seen as an important element in ensuring the long-term success of the Remedial Works Scheme. The success already achieved in several local authority estates will provide a basis for further improvements in estate management.

Private-Rented Sector

86. The position regarding tenants in the private-rented sector is being reviewed. The Government propose to introduce certain additional safeguards for tenants on completion of the review which is concerned, in particular, with such aspects as rent books, standards of accommodation and letting agreements. The need to avoid, in any consequent measures in relation to the control and regulation of rented accommodation, an adverse effect on the supply of such accommodation or of related investment is recognised. Details of the new safeguards will be announced shortly by the Minister for the Environment, following the completion of discussions with interested organisations.

JUSTICE

Juvenile Justice

87. The Minister for Justice is committed to further development of the Juvenile Liaison Scheme as an alternative to charging juvenile offenders before the courts, and will build on the initiatives in relation to the scheme announced in December, 1990. These include the establishment of a National Juvenile Liaison Office to oversee the service throughout the State; transfer of Juvenile Liaison Officers onto a seven-day roster at an estimated cost of £150,000 per annum; variation of the customary two-year period of supervision of cautioned juveniles in appropriate cases and the introduction of a new training curriculum for Juvenile Liaison Officers. The Minister is extending the Garda Schools Programme to new areas in Dublin, Cork, Waterford and Limerick. This programme is aimed at changing children's attitudes towards vandalism and substance abuse as well as authority generally. The Minister is committed to the further development of the Probation and Welfare Service as a primary resource to facilitate the provision of alternatives to custody and the management of young offenders in the community. In addition to certain initiatives announced by the Minister in December, 1990, further measures will be introduced through the Service, aimed at safeguarding private and public property, and making our urban areas in particular safer places in which to live and work. Thirty-one additional staff are being recruited for the Probation Service in 1991. Taken together, the resource implications of these measures will cost well in excess of £1m. in 1991. The system of juvenile justice is currently being reviewed and any changes identified as necessary or desirable — including amendments to statutory provisions — will be implemented during the life of the Programme,

Civil Legal Aid

88. The Minister for Justice is committed to further expansion of the Civil Legal Aid Scheme, in consultation with the social partners and consistent with the budgetary position. Additional funding of £320,000 has been provided for the Legal Aid Board for 1991, to enable the Board to establish additional Law Centres. This will be the first expansion of services under the Scheme with Exchequer monies since 1982. As stated by him in Dáil Eireann recently, the Minister intends to introduce legislation to place the scheme on a statutory basis.

Mediation Service

89. The Government recognise the importance of the Mediation Service. Following receipt of a report by the Minister for Justice from the Steering Committee of the ad-hoc Mediation Service, the Government have decided to establish a Review Committee, with detailed terms of reference, to report on the whole area of mediation. The Minister is appointing the Committee at present and the social partners will be consulted in connection with the Committee's study of the matter. A grant of £105,000 has been provided in the 1991 Estimates to enable the existing Mediation Service to continue to operate.

Penal Reform

90. The Government are committed to an ongoing programme of reform in line with the recommendations made in the Whitaker Report on the Penal System. A number of the recommendations made in the Report have already been implemented. These include increased use of alternatives to imprisonment, improved industrial relations, the establishment of a Sentence Review Group, the appointment of a Medical Director to the prison service, and the introduction of new rosters for prison staff. Work is proceeding on various other recommendations and further developments will be announced as they occur.

OFFICIAL DEVELOPMENT ASSISTANCE

91. The Government are committed to reaching the United Nations' target of devoting 0.7% of GNP to Official Development Assistance (**ODA**). The Estimates for 1991 provide for an increase of £9m. on the 1990 **ODA** total of some £34m. Further allocations will be decided in the context of 1992 and subsequent Budgets.

EQUALITY

Equality and Equal Opportunity

92. The Government are committed to the attainment of a society based on principles of equality and equal opportunity. To that end, a second Commission on the Status of Women has been established to bring forward a set of recommendations to the Government on how women can be empowered so that they are able to participate on equal terms and conditions with men in economic, social, political and cultural life.

93. The Commission's terms of reference are—

- (i) to review the implementation of the recommendations of the first Commission on the Status of Women as set out in that Commission's report to the Minister for Finance in December, 1972;
- (ii) to consider and make recommendations on the means, administrative and legislative, by which women will be able to participate on equal terms and conditions with men in economic, social, political and cultural life, and, to this end, to consider the efficacy and feasibility of positive action measures;
- (iii) in the context of (ii) above, to pay special attention to the needs of women in the home;
- (iv) to establish the estimated costs of all recommendations made; and

(v) to report to the Government within a period of eighteen months from the date of its establishment.

94. The Commission has been asked to pay particular concern to the needs of women working in the home. The Commission's brief is very wide and it is likely to make concrete proposals for change in all walks of Irish life. The Commission, which held its first meeting on 1 November, 1990, has been asked to report to the Government by early 1992.

95. In setting up the Commission the Government's objective is to produce an agenda for the elimination of the gap between equality before the law and equality in practice. Their aim is that women should be full partners instead of just participants in our institutions, organisations and society as a whole.

96. The Commission's report will provide a basis for determining where legislation may be necessary and where, and how, discriminatory attitudes should be tackled through information, education and positive action strategies. Nominees drawn from the social partners are members of the Commission so that they too can share in building a society with real choice and real opportunity for both women and men.

Employment Equality

97. The Government recognise that progress on employment equality is dependent on legislation, complemented by positive action programmes at the level of the individual organisation and at the national level.

98. A Bill to amend the Anti-Discrimination (Pay) Act, 1974, and the Employment Equality Act, 1977, will be introduced by the end of 1991. The Minister for Labour will seek to have the Worker Protection (Part-Time Employees) Bill, 1990, enacted as early as possible.

99. Arising out of the Programme for National Recovery, **FAS** has expanded the opportunities for women to take up careers in non-traditional areas. This was achieved through the FAS Positive Action Programme which included among its features precise target-setting and pre-apprenticeship courses. During the Programme for Economic and Social Progress period those targets will be increased particularly as regards pre-apprenticeship training and courses designed to prepare more women for FAS mainline training programmes.

100. The Equal Opportunity Policy and Guidelines for the Civil Service will continue to be formally monitored by unions and management and pursued in the structural arrangements which are now in place for that purpose and will deal, among other things, with recruitment and selection, promotion, training and development and combining work with family responsibilities.

101. The first report on the implementation of Government policy in the semi-State bodies will be published early in 1991 and the process of monitoring will be extended to local authorities and Health Boards. It is expected that representatives of employers and workers will be involved in the follow-up of that exercise.

102. Within the private sector a number of companies are operating positive action programmes and clear guidance has been provided on this matter by ICTU and the **FIE**. The Minister for Labour, who instituted Equality Focus to stimulate companies to adopt

personnel policies which include positive action, will develop the scheme in association with the Employment Equality Agency and will consider, and respond favourably to, other initiatives designed to encourage employers to adopt such programmes.

Child Care

103. The provision of child care services for working parents, which affects the achievement of real equality in the labour market, will be pursued during the period of the Programme. This is a shared responsibility. The role of the Government is to stimulate the development of child care services by employers, individually and collectively, and also including partnerships between public authorities and employers.

104. The Minister for Labour will identify in the first half of 1991 a number of prototypes of child care services appropriate to Irish conditions. This will be done in association with ICTU and FIE. The potential for support from the European Community and particularly the NOW programme will be fully exploited.

105. The Government will continue to encourage the provision, on a progressive basis, of child care services for workers in the public service, with the State providing physical facilities and staff paying the running costs. In the Civil Service, discussions have been continuing with the Staff Side about the provision of child-care (creche) facilities on the basis proposed in the Progress Report of the Central Review Committee of February, 1990. The discussions focused on the likely demand for such facilities, the management and organisational arrangements and the possible location of a premises. A suitable premises for a creche was identified last year. The Staff Side are currently considering various options as regards management of the facility and their response is awaited.

106. The Government will introduce arrangements for the supervision and inspection of pre-schools, playgroups, creches, nurseries and other similar services for pre-school children.

Women's Health Services

107. A diagnostic mammography service is available at fourteen hospitals throughout the country. The Department of Health is supporting a major breast screening programme currently underway at the Mater Foundation. This programme is part of a network of pilot schemes on breast cancer screening underway within the European Community. The objective of the screening programme is to evaluate the validity of mammographic screening tests and the uptake of the programme by the target population. Decisions on the national policy to be followed in this area will be based on the results of the pilot scheme.

108. A cervical screening service is available to all women through their general practitioners, family planning clinics, maternity hospitals and special clinics organised by Health Boards. Smears are analysed in a number of hospital laboratories throughout the country. Over the past two years there has been considerable improvement in the reporting of results of cervical smear tests and the Department of Health continues to monitor the reporting of cervical smear tests to ensure that no undue delay occurs. The Working Group on Cervical Screening will be reconvened in order to consider what further improvements can be made in this area.

109. The operation of family planning services will be kept under review in association with the relevant organisations.

Age Limits in Recruitment to the Public Service

110. In the context of changing work patterns, the provision of job opportunities for the long-term unemployed, and the desirability of promoting equal access to employment, the Government commit themselves to a policy of substantially raising recruitment age limits throughout the public service. This policy will not, however, preclude the holding of competitions for school-leavers, trainees and graduates.

PEOPLE WITH DISABILITIES

111. The Government are committed to ensuring the fullest possible participation and integration by people with disabilities in all aspects of life by:

- (a) providing vocational training, guidance and placement services to ensure people with disabilities have equality of opportunity in employment,
- (b) facilitating the participation by people with disabilities in society by improving access to public buildings, transport and other facilities,
- (c) creating greater public awareness of the skills and abilities of people with disabilities and
- (d) assisting people with disabilities in their physical and psychological adjustment to society.

Employment

112. The Employment Support Scheme will be improved and expanded in the light of the report of the Steering and Monitoring Group for this scheme.

113. In order to maximise employment opportunities, the interaction between the Department of Health, the National Rehabilitation Board and FAS in relation to training and placement of people with disabilities will be reviewed and a report made to the Central Review Committee.

114. The Government and the social partners renew their efforts to implement the 'NRB — Guidelines on the Employment of Disabled Persons' at company level.

Public Service Employment

115. The Government are committed to increasing on a gradual and sustained basis the number of people with disabilities employed in the public service. The general position in this respect will be overseen by a Monitoring Committee comprising representatives of public service unions and management.

Building Regulations — Access

116. Draft building regulations to be made under the Building Control Act, 1990, are being finalised in the Department of the Environment. It is intended that the regulations will contain provisions concerning access to, and circulation within, buildings for people with disabilities. The regulations will be introduced during the period of the Programme.

Transport

117. It is Government policy that transport providers must, on an ongoing basis, give attention to improving accessibility to transport for people with disabilities, as resources permit, so as to allow such people to participate as fully as possible in community life.

Approximately £5m. was spent in recent years on improving accessibility to transport, notably the provision of the new Passenger Terminal at Rosslare, major refurbishment of Tara Street Station with lifts and escalators to platforms, easy access to the 4 new Dublin suburban railway stations on the Dublin/Maynooth line and the introduction of more accessible vehicles in the fleets of **Bus Átha Cliath** and **Bus Eireann**. Now, the 9 airports in the State, as well as 86 out of **124** railway stations, are accessible to people with disabilities.

118. An estimated further £1m. is currently committed to improving accessibility to rail services (provision of portable ramps) and facilities at further main railway stations and at regional airports (accessible toilets),

119. The three-year Action Programme, prepared by the Inter-Departmental Transport Accessibility Committee (chaired by the Department of Tourism and Transport) will be examined with a view to securing whatever further worthwhile improvements in accessibility to transport that resources permit.

Rights

120. The Green Paper on Services for the Disabled examined the introduction of legislation on the rights of people with disabilities. The Green Paper decided against the introduction of legislation. The Government will again examine how best the rights of people with disabilities can be promoted, in consultation with ICTU and the organisations representing people with disabilities.

Employment and Training

GENERAL

1. The creation of employment and the consequent reduction of unemployment and involuntary emigration is the primary policy objective of Government. The major lesson of the evolution of the Irish economy over the past two decades is that economic stability is essential to support economic progress in a small open economy. Within the overall umbrella of economic stability, fiscal activism can play a very limited role in enhancing the performance of the economy. The role of policy, therefore, is to provide economic stability which ensures that the economy realises its full potential for increased output and employment. A major component of the efforts to increase employment, therefore, is a continuation of the consensus on income developments of the last three years, which provides improvements in competitiveness and manages distributional conflicts without disruption to the functioning of the economy.

2. The structural reforms in this Programme have the ultimate objective of enhancing the wealth-producing potential of the economy and improving its international competitiveness. This will necessarily involve increased employment and reductions in unemployment and involuntary emigration. Structural reforms also refer to changes introduced to overcome barriers to long-run development. These arise particularly in the industrial and agricultural areas. Finally, NESCI have stressed the distinction between Ireland's long-run employment problems — which require developmental policies — and the immediate crisis of massive long-term unemployment. A general stimulus to demand will do little to reduce long-term unemployment, but still tighten the labour market whereas anything which reduces long-term unemployment will tend to remove some of the underlying causes of long-term unemployment. There are in the Programme, therefore, policies such as training, education and special employment and enterprise measures integrated together in a community and area-based strategy to deal with long-term unemployment and the danger of long-term unemployment.

MANUFACTURING AND INTERNATIONAL SERVICES

Programme for National Recovery

3. In the three years of the Programme for National Recovery manufacturing output and exports have grown strongly and net job gains have been achieved, reversing the trend of the earlier **1980s**. In line with the targets in the Programme for National Recovery, manufacturing and international services have created over 60,000 new jobs in **1988-1990**.

4. The improvement in macroeconomic conditions since **1987** has been the fundamental reason for the improved performance of industry in terms of output and employment growth. Industrial enterprises, whether in public or private ownership, which can competitively export or displace imports have been, and will continue to be, the most important engine of Irish economic growth.

5. Total employment in manufacturing is now 224,000 and the sector is directly responsible for a further 165,000 jobs in services. One out of every three jobs in the Irish economy is now dependent on manufacturing which spends £10,600m. in the economy each year.

Objective for this Programme

6. The primary objective for manufacturing in this Programme is to make the maximum contribution to employment growth and higher living standards in Ireland which is possible only through building a strong internationally competitive industrial sector. In practical terms, the aim will be to create 20,000 new jobs each year of the Programme in manufacturing and international services.

7. Complementary policy objectives supporting this aim will be:

- the continued strengthening of the indigenous industrial sector, particularly in terms of scale and innovation;
- greater integration of industrial activity with other sectors of the economy in order to increase the Irish value-added share of industrial output;
- the development of natural resources as a foundation for increased industrial development; and
- the achievement of a satisfactory regional balance in industrial development.

8. The attainment of these objectives will be supported by macroeconomic policies, infrastructural services, and specific programmes and incentives aimed at maximising the employment and economic benefits of industrial development. Among the critical infrastructural services will be roads, sanitary services and transport and communications facilities.

9. The macroeconomic measures set out in this Programme will be of key importance in the maintenance of a competitive economic environment for industry. Additionally, the enactment of the Competition Bill will help to ensure more effective competition in all areas of the economy, and lower costs for the traded sectors.

10. The development of the necessary physical, technical and educational infrastructure to support industrial growth will be facilitated by the EC Structural Funds which have been put in place for this purpose.

Indigenous Industry

11. The development of indigenous industry will be a priority, because of its close integration into the domestic economy, the location of corporate decision making and the final destination of profits. There will be an emphasis on areas of perceived weakness such as marketing, product and technology development. Up to half of all State aids will be in the form of equity or other remunerating or repayable forms of funding.

12. The development of greater scale in Irish industry has been identified by NESC as a critical need in the context of the greater competition arising from the Single European Market. This need will be addressed by:

- concentrating State supports selectively on those indigenous companies capable of achieving positions in international markets, enabling them to grow to the scale

- necessary to maintain these positions, particularly through marketing, product development and management development supports;
- equity or other supports in appropriate cases for the merger of companies or co-operatives where such restructuring would lead to growth in employment and added value in Ireland; and
- the adoption by the industrial development agencies of an operational target to increase by 100 within ten years the number of Irish manufacturing companies having an annual turnover greater than £5m. in real terms over the period.

Overseas Industry

13. The attraction of overseas industry to Ireland will continue to be important for a number of reasons:

- as a source of productive employment;
- as a means of transferring modern industrial technology, management and processes to the Irish economy;
- as a source of capital inflows; and
- as a domestic market opportunity for indigenous industries.

14: Overseas firms in Ireland now employ close to 90,000 people or 40% of the industrial workforce. These firms spend about £3,500m. each year in the Irish economy.

15. The Government will continue to seek to maximise the extent of economic activity by overseas companies here and hence to obtain the benefits of both direct and indirect jobs in the Irish economy.

Employment as a Priority

16. Modern manufacturing industry needs capital investment to be competitive, to produce new products, to take advantage of technological advances and to increase productivity. The creation of new jobs is dependent on such investment.

17. There has been a strong move in recent years to relate industrial incentives to the jobs created in firms rather than to capital spending and this will be continued. Examples of changes are:

- reductions in capital grants;
- a shift from capital grants to employment grants, marketing and other forms of support;
- grants are assessed and decided on a per-job basis;
- capital grants are paid only on achievement of job targets;
- accelerated capital allowances will be reduced to 25% from April, 1991, and eliminated in April, 1992; and
- other tax provisions, such as the 10% manufacturing tax rate, the BES and Section 84, have been tightened up.

18. The shift in industrial aids to meet the needs of indigenous industry will also continue. Exchequer expenditure on the marketing programmes supported by the EC

Structural Funds will more than double by 1993 from £14.7m. in 1989. Similar expenditure on Science and Technology programmes will total over £100m. in the same period compared with £15.8m. in 1989.

Implementation and Control of Industry Programmes

19. All grant supports for industry will be related to performance, with jobs as the normal trigger for payment of capital grants.

20. The commercial State sector will be encouraged to seek out areas of productive activity which offer significant opportunities for growth of output and employment.

21. The development support for industry from State agencies must reflect the needs of companies rather than the structure of agencies. The Minister for Industry and Commerce has already announced that the activities of the IDA and NADCORP in taking equity in companies are to be more closely integrated and that C6ras Tr6acht6ala and the Irish Goods Council are to be merged in a new Irish Marketing Agency. The structure of agencies will continue to be kept under review.

22. The industrial programmes operated by the various Departments and agencies need to be monitored and controlled so that the results in terms of more jobs, output and exports match the policy aims and the expenditure incurred on the programmes.

23. The Review of Industrial Performance 1990 prepared by the Department of Industry and Commerce is an important step in identifying the results and costs of programmes. The analysis in the Review will be used to improve the effectiveness, coherence and efficiency of programmes.

24. The Minister for Industry and Commerce is considering, in the light of developments since the NES/C/Telesis examination of industrial policy in the early 1980s, whether a further comprehensive reappraisal of policy should be carried out.

Industrial Job Targets and Development Initiatives

25. The new job targets for manufacturing and international services in the period of this Programme will be 20,000 a year. The achievement of these targets will require:

- continuing stability in the economic environment and cost competitiveness throughout the industrial and services sectors;
- a positive external environment for our exports; and
- a co-operative response from firms, employees and the various State agencies involved in supporting developments.

26. While recession in the UK and the US and slow down in growth in other markets may retard developments, existing employment can best be protected and new jobs created through sustaining and increasing the competitiveness of the economy.

27. Development measures in the main industrial sub-sectors will underpin job targets:

- Small businesses have been the most buoyant source of new jobs in recent years. A further 15,000 new jobs can be expected to arise in this sub-sector in the years 1991-1993;

- The electronics and engineering sub-sectors include both overseas-owned companies and specialised indigenous companies, often servicing the component requirements of the overseas companies. Up to 12,000 new jobs can be expected to arise in this modern segment of manufacturing in the period 1991-1993. Opportunities to develop mechanical engineering and toolmaking projects, through both public and privately-owned companies, will be specially examined;
- International services are a growth segment including, in particular, areas such as software and financial services in which Ireland has already made considerable advances. A significant increase in job creation in these areas can be expected with up to 9,000 new jobs in the coming three years; and
- The restructuring of Irish food companies will continue with a view to achieving the greater scale needed to sustain innovative product development and strong market positions in international distribution channels.

28. A number of new measures will be put in place to facilitate and support the target in the Programme for manufacturing and international services:

- employment grants will be used more widely as the means of channelling State aid into developing firms;
- new segments in the internationally-traded services sector will be explored; examples are audio visual services, entertainment services and education and training;
- in the provision of additional third-level places, specific manpower needs in areas such as applied computing will be addressed;
- land suitable for industrial development in local authority ownership will be developed by the IDA in co-operation with the authorities concerned, in particular in County Dublin, with a view to having privately-financed factories built to meet the growing needs of the industrial sector; similar arrangements will be made by Shannon Development in Plassey Technological Park;
- pressure will be maintained on the EC Commission to carry out a rigorous examination of State aid schemes throughout the Community, particularly those in central regions which have the effect of negating the regional aids operated in Ireland at significant cost to the Exchequer; and
- an Industrial Policy Forum involving the social partners and relevant Government Departments to examine industrial policy issues such as those adverted to by the social partners in NESAC, including implementation of measures for indigenous industry and the achievement of the maximum return from the Industry Budget,

Ireland as an International Education Centre

29. The Government have accepted the following recommendations put forward by the Central Review Committee:

- (a) Exploitation of opportunities in teaching English as a Foreign Language, with the assistance of Bord Fáilte and CTT and reconstitution of the Advisory Council for English Language Schools, under the aegis of the Department of Education, to control standards in teacher training, students performance and accreditation of schools and courses,
- (b) IDA to attract mobile overseas-owned international education projects to Ireland and to work with the privately-owned Irish industry to develop international education projects, by implementation of:

- a marketing programme;
 - incentive package of employment grants, capital grants, feasibility study grants and expert advice; and
 - target sectors to include English as a Foreign Language, International Third Level, International Second Level, Professional Training and Corporate Education Centres,
- (c) Exploitation of opportunities in paramedical and agriculture sectors under the aegis of the Departments of Health, Agriculture and Food and Education, as appropriate,
 - (d) Exploitation of opportunities in outward consulting, by the State agencies and third-level institutions, particularly in Eastern Europe,
 - (e) Encouragement of third-level colleges to seek additional post graduates and Summer students,
 - (f) Establishment of a co-ordinating and marketing group, incorporating the role of the Higher Education Development Company, with appropriate representatives of the Higher Education Institutions, Private Sector, Government Agencies and Departments, and
 - (g) Working Group to monitor implementation of the recommendations and to keep under review the question of validation and certification of courses and accreditation of institutions generally in Ireland offering courses.

TOURISM

Potential for Development

30. Tourism is another sector identified by Government as a major axis for economic development. The Irish tourism industry currently accounts for 6.5% of GNP, almost 7% of exports and sustains 6.8% of total employment.

Progress under the Programme for National Recovery

31. The targets set out in the Programme for National Recovery required a doubling of foreign visitor numbers to over 4 million per annum, an increase in foreign revenue of £500m. and the creation of an additional 25,000 jobs in the economy, over the period 1988-1993. The sector is on target over the first three years when:

- visitor numbers increased by 52% to over 3 million per annum in 1990 and by 90% alone out of Continental Europe on 1987 performance;
- overseas revenue increased by £270m. approximately to over \$1bn.;
- An additional 15,000 jobs were created in the economy; and
- New investment in tourist development totalled almost £420m.

Main Elements of *New* Programme

32. The following targets have been set for 1991 to 1993:

- increase annual overseas visitor numbers by 1.4 million to 4.5 million;
- Increase overseas revenue by £250m.;

- Create 15,000 new jobs in the economy:
 - Directly through the immediate or direct servicing of demands of visitors in hotels, restaurants, leisure facilities, etc.;
 - Indirectly through the secondary or downstream activity of producing goods and services; and
 - Induced through the circulation within the economy of income generated by employment supported directly or indirectly by tourism.

33. Strategy for achievement of these targets:

- A more attractive and wider product range;
- Better value in terms of quality and prices; and
- Increased market penetration, entry to new markets and greater niche marketing particularly for certain specialists e.g. Anglers, Golfers, Equestrian, Activity holidays and Cultural Tourism and short-term breaks, mostly in the larger and more affluent markets like Continental Europe, Scandinavia, Japan and North America.

34. Fundamental to this strategy will be:

- Full implementation by the end of 1993 of the Operational Programme for Tourism which is directed at product development, training and marketing and will involve over £300m. investment, of which over £147m. will be provided by the EC;
- An extra £270m. investment by the private sector to further expand tourist capacity by end 1993;
- Some 5,000 man years to be created in construction by the tourism sector of which 2,600 will be in the construction phase of the EC Operational Programme for Tourism;
- Increase in training provision for the tourism and catering sector to over 9,000 per annum for the next three years mainly through CERT;
- £105m. investment in access transport infrastructure under the EC Operational Programme for Peripherality to the end of 1993;
- Maintenance of competitive access transport policies to keep air fares as low as possible, encourage expansion of existing services and introduction of new ones;
- Increase in level of involvement of the tourism industry in overseas marketing to complement and build on the efforts of the State promotional agencies;
- Payments for tourism development from public funds, including EC Structural Funds, to be related, inter alia, to job creation targets; and
- Department of Tourism and Transport, in conjunction with Bord Fáilte and the IDA, to examine the question of extending incentives to internationally mobile tourism projects where Bord Fáilte certify that existing capacity in Ireland is inadequate and where there is clear market demand.

TRANSPORT

Transport and National Development

35. As an island-trading nation at the periphery of Europe, Ireland requires efficient, economic and speedy transport links with its trading partners in Europe. Ireland's geographical position in the European Community represents a major disadvantage in competitiveness terms. The additional distance, time and associated cost factors contribute significantly to Ireland's transport costs (an estimated 9% of export sales values, equivalent to about twice the EC mainland average). The fact too that Ireland is one of the most open economies in Europe (the export of goods and services represents 134% of GNP) makes it essential that our competitive position in the Community be improved by a major programme of investment in transport infrastructure and facilities.

Progress under the Programme for National Recovery

36. Under the Programme for National Recovery, the Government encouraged the transport State bodies to become more competitive (given their impact on the trading sectors, and particularly tourism), without undermining their commercial viability. The more competitive approach has resulted in a welcome improvement in the overall performance of the four companies — Aer Lingus, Aer Rianta, B&I and CIE — over the period of the Programme.

Main Elements of New Programme

37. The transport State bodies have an important role to play, both directly and indirectly, in improving the competitiveness of the economy and underpinning employment creation. To this end, a major development of transport infrastructure and facilities, which will be co-financed by the European Commission, is planned during the period of the new Programme in the following areas:

- State and Regional Airports;
- Commercial and Local Seaports; and
- Public Transport.

Airports

38. With respect to the State airports of Dublin, Shannon and Cork, major investments will be made in

- passenger terminal facilities, and
- runway and other infrastructures.

The purpose of these investments, which will cost an estimated £74m. up to 1993, is to cater for projected annual traffic of almost 9 million passengers through the State airports by 1993.

39. Approximately £20m. will be spent on improving the existing regional airport facilities at Carrickfinn, Connaught, Galway, Kerry, Sligo and Waterford Airports. The works to be undertaken will include terminal and runway development and the provision of navigational aids. Annual traffic through the regional airports is projected to rise to 800,000 passengers per annum by 1993.

Ports

40. The commercial seaports of Dublin, Cork, Waterford and Rosslare will be the subject of a development programme costing about £59m. The particular emphasis will be on providing appropriate port capacity and quality port infrastructure which is strategically linked to the main internal transport arteries. It is envisaged that the improved berthing and handling facilities will increase roll-on/roll-off throughput by 60,000 units, lift-on/lift-off traffic by 150,000 tonne equivalent units and bulk freight by one million tonnes by 1993.

41. Insofar as local ports are concerned, the aim is to increase the freight capacity of local ports by 250,000 tonnes by 1993. The works to be undertaken at a cost of over £8m. include the provision of new quay space, mooring dolphins and port service areas. The key local ports to benefit will be Drogheda, Dundalk, Foynes, Galway and Kinsale.

Public Transport

42. An investment of about £36m. will be made in the public transport area. The major proposed project is the development and improvement of rail services to Blanchardstown Clondalkin and adjoining areas. Other planned projects include the extension of the existing rail freight link within Dublin Port along the North Quays and the provision of new rail freight gantries at Cork, Dundalk, Limerick and Sligo.

Access Transport Services

43. In addition to developing Ireland's internal transport infrastructure and facilities, it is a key objective of Irish transport policy that enhanced sea and air access transport services be developed between Ireland and other European Community States. Such services are an essential element of Irish competitiveness within the Community and these will help underpin the Government's development strategies particularly in the industrial, tourism and international trading sectors of the economy. In the light of the fact that over 80% of trade and 40% of visitors to Ireland travel by sea, the Government are giving particular emphasis to encouraging additional investment in the shipping sector. In this context, the Government will continue to press the European Commission for additional EC funding for the development of access transport services to and from Ireland, in view of the unique competitive disadvantage we suffer because of our island status and peripherality.

ROADS

Roads and National Development

44. Roads are the predominant form of internal transport accounting for 96% of passenger travel and over 90% of freight travel. National primary roads which represent less than 3% of the road network account for 26% of road traffic; two-thirds of traffic on national primary roads being work-related. A review by the Department of the Environment estimated the long-term development of the road network would require an expenditure of approximately £9bn., of which £3bn. related to national primary roads. Roads are one of the few remaining areas of our national infrastructure that are seriously deficient and because of their dominant role in internal transport, investment in them is essential to improve the competitiveness of the Irish economy *vis-d-vis* other EC Member States.

Progress Under the Programme for National Recovery

45. The Operational Programme on Peripherality agreed by the EC Commission and the Government in August, 1990, provides for a total investment of £615m. on roads supported by EC Regional Fund assistance of £416m. Of this total, £511m. will be spent on the improvement of national primary roads in the period 1990 to 1993, while £104m. will be spent on other road improvements supporting industrial and tourism development in the period 1989 to 1993.

46. State grants for non-national roads have also been increased substantially in the period covered by the Programme for National Recovery. A commitment in the 1989 Budget to provide £150m. in discretionary grants for regional and county roads has been fulfilled.

Main Elements of the New Programme

47. Under the Operational Programme on Peripherality, immediate priority is being given to the development of certain strategic national primary routes (Euroroute E01 Rosslare to the Border (including the Dublin Ring Road), **E20** Portlaoise to Dublin, **N4** Dublin to Kinnegad and E30 Cork — Waterford — Rosslare) and to remedying capacity deficiencies. Twenty nine major improvement projects are scheduled for completion and **28** to commence construction during the period of the Operational Programme. In addition, smaller improvement works, road pavement improvement and bridge strengthening will be undertaken.

48. The Operational Programme will also support improvement works on national secondary, regional and the more important county and urban roads which help provide a satisfactory means of surface communication for present and future industrial and tourism-related traffic.

49. Annual State funding will continue to be provided separately for road works not covered by the Operational Programme e.g. grants for national road maintenance and discretionary grants for non-national roads.

CONSTRUCTION INDUSTRY

The Potential for Development

50. Construction investment and employment in the industry derives from, rather than generates, economic progress. Construction demand is dictated by the levels of:

- private investment which in turn is based on economic growth patterns and the competitiveness of the economy in international terms, and
- public expenditure which is determined by the resources available to Government and by what the economy can afford.

51. Output in the construction sector declined significantly between 1981 and 1987 due to the general economic difficulties which discouraged private investment and ultimately necessitated severe curtailment of unsustainable levels of public expenditure. Employment had contracted to about 70,000 at the end of 1987.

Progress under the Programme for National Recovery

52. The general improvement in the economy and the bringing of order to the public finances from 1987 onwards has underpinned renewed confidence and resulted in a reversal of the decline experienced between 1981 and 1987. Construction output increased significantly in 1989 and in the twelve months to April, 1990, direct jobs rose by 10%. This exceptional gain was attributable to the particularly strong performance in a number of sectors of the industry — especially new house building, commercial and industrial development — and the positive atmosphere as the industry moved rapidly from recession and retrenchment into a growth phase. In 1990 the industry is estimated to have registered a further substantial increase in output and direct construction employment should reach about 80,000 in 1991.

Main elements of the new Programme

53. Activity in the construction sector during the Programme will parallel general economic progress which will set the climate for private investment and public expenditure. The major contributors to construction growth between 1991 and 1993 are likely to be industrial and commercial development, new private residential building and residential repair and maintenance and certain publicly-funded programmes. Subject to availability of resources and continued EC funding, the increases in public investment in construction will occur in such areas as roads, sanitary services and tourism.

54. The principal vehicle for growth will however be the private sector which is now funding two-thirds of total construction output. The maintenance of a climate that fosters investment in the industry will therefore be of major importance. The Programme will reinforce the economic conditions that have promoted the present expansion in construction activity and employment and provide for continued growth over the coming years. On this basis, it is expected that overall construction output will continue to grow between 1991 and 1993, albeit at a more moderate rate. Employment will also continue to grow.

55. On the public expenditure side, major investment programmes for the period to 1993 which have major significance for growth in construction industry were launched on 13 December, 1990. These programmes, which have been agreed with the EC Commission for the purposes of EC Structural Funds and which were prepared in consultation with sub-regional working groups and advisory groups, are designed to assist the Irish economy to meet the challenges and opportunities of the Internal Market.

56. The Operational Programme on Peripherality contains a strategic plan for the development of roads in the long term as part of an integrated approach to transport development. The Programme is divided into two sub-programmes:

- concerning national primary roads and other transport investments which contribute to offsetting the impact of Ireland's peripheral location, and
- covering roads and transport investments which, though not of the same importance to offsetting the effects of peripherality, are of major significance to the development of industry and tourism at sub-regional or local level.

57. The Operational Programme provides for a total investment of **£818m.** in the period to 1993, attracting EC grants of some **£516m.** It includes total investment of **£615m.** in roads, of which **£416m.** will be financed by EC grants. Annual State funding will continue to be provided separately for road works not covered by the Operational Programme e.g. grants for national road maintenance and discretionary road grants for non-national roads.

58. The Operational Programme for Water and Sanitary Services will facilitate industrial development generally, support the development of the agri-food sector, aquaculture and fish processing, protect water resources on which tourism-related amenity and recreational uses are based, promote rural and sub-regional development and protect public health and the environment. The Operational Programme provides for investment of £184m. in the period 1989 — 1993 which will attract £92m. in grant aid from the EC. This level of investment will be increased by additional Exchequer investment.

59. The Operational Programme for Tourism 1989 to 1993 will result in total investment of £300m. a significant proportion of which will be spent on construction work. Investment under the Operational Programme will be particularly directed at product development, designed to ensure expansion and increased scale in the provision of high quality marketable amenities and facilities.

60. The designated areas for urban renewal now extend to specified areas in the five county boroughs and 17 provincial centres, and to parts of Tallaght, Co. Dublin. The expiry date for the scheme has been extended to 31 May, 1993. The scheme has stimulated a high level of construction activity in the areas concerned. Projects involving investment of £225m. have already been completed or are in progress while further projects having a value of some £275m. are at planning stage. The development of the Custom House Docks site now in progress will involve a total investment of over £400m. These investments will continue to be a major boost to construction employment in the period up to 1993 and also generate substantial further employment in the services sector.

61. It is recognised by planning authorities and An Bord Pleanála that special attention has to be given to applications for development which have clear job creation potential and that any unnecessary delay in dealing with such cases must be avoided. A Review Group has been established to examine the systems and procedures of An Bord Pleanála to identify any changes that might be made to ensure the most expeditious disposal of planning appeals while ensuring that the Board's procedures are adequate and fair for their purpose. The Government are committed to making any necessary changes at the earliest possible date. This may involve bringing forward proposals for legislation to amend the law on planning.

62. The Government remain concerned at the existence of the black economy in the construction sector. The operation of the black economy has been tackled on a number of fronts, for example by strict implementation of tax-clearance certification procedures in the case of public construction programmes and grant-aided projects, by the Special Revenue/Social Welfare Joint Investigation Unit now operating on a nationwide basis, by the CIF/ICTU Construction Industry Monitoring Agency funded jointly by employers and employees to monitor black economy activity and by the application of the employer and sub-contractor notification systems. These measures provide the basis for more effective controls on black economy abuses in the sector.

THE MARINE

Introduction

63. The Marine 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 and commercial harbour development.

Fishing Industry

64. The sea fishing industry accounts for exports of around £155m. and employs over 15,600 people in either full-time or part-time jobs. Inland fishing, including angling, also makes a significant contribution to the Irish economy. The aim of policy in relation to the fishing industry is to maintain and strengthen its contribution to the national economy and, in particular, its contribution to the generation of growth and employment in coastal communities. The industry also generates activity in related sectors such as boat building and repair, equipment supplies, transport and distribution and other services.

Progress under the Programme for National Recovery

65. Over the period of the Programme progress was made towards reaching the targets which had been set. Total employment in the industry grew from about 12,100 in 1987 to over 15,600 in 1990.

66. The volume of sea fish landed in Ireland by Irish registered vessels remained steady over the period of the Programme at around 220,000 tonnes while the value of fish exports increased from £135m. in 1987 to about £155m. in 1990.

67. Employment on board fishing vessels was estimated at 7,830 full and part-time jobs at the end of 1990. The figure for 1987 was 7,780.

68. Employment in the aquaculture sector in 1990 was 2,550 full and part-time jobs, The corresponding figure for 1987 was 1,370.

69. The number of people employed in fish processing increased from 2,930 full and part-time workers in 1987 to 3,620 in 1990.

70. Ancillary activities employed over 1,500 in 1990.

71. The total value of Irish angling is estimated at about £65m. and generates the equivalent of some 1,900 full-time jobs.

Programme for Economic and Social Progress

72. The objectives over the medium term are:

- (a) to secure higher value-added through improvements in quality, and additional fish processing in Ireland,
- (b) to increase supply of fish generally through higher take up of existing fish quotas, additional catches of non-quota species, and higher output from the aquaculture sector,
- (c) to prepare the fish-processing industry to compete successfully in the Internal Market and
- (d) to increase the contribution of the inland fishery resource to the national economy particularly through increased tourism.

73. These objectives will be pursued through the implementation of programmes in respect of:

- (a) the development of fish processing where a European Community Support Framework providing for significant aid is to be finalised shortly with a view to supporting investment of up to £30m. over the period 1991-1993,
- (b) the implementation of Fishery Harbour Development programmes costing approximately £20m. This includes £7.5m. Structural Fund aid under the Operational Programme for Rural Development,
- (c) the improvement of facilities (auction halls/ice plants etc.) at fishing ports. An investment of £7.5m is planned,
- (d) the modernisation and restructuring of the fishing fleet to better match available fish stocks and to strengthen its long-term viability,
- (e) the development of aquaculture through continued financial support and more efficient licensing processes,
- (f) the improvement of standards of hygiene and quality generally and
- (g) the continued development of inland fisheries including the implementation of new co-operative structures.

New programmes in respect of items (d) and (e) are to be drawn up with the European Community during 1991 while new Community regulations relating to item (f) are at an advanced stage.

Employment Projections

74. The implementation of these programmes will result in the creation of an estimated **1,450** full-time jobs and 1,400 part-time jobs in the period 1991-1993.

Marine Transport and Infrastructure

Shipping

75. As a maritime country, trade between Ireland and its trading partners is mainly transported by sea. As well as its strategic/trade-related importance, shipping has significant economic consequences both in terms of import substitution and in earning foreign currency. Shipping also depends on a number of sub-supply services such as ship agents, shipbrokers, warehousing, freight forwarders etc. which have both earnings and employment potential.

76. A programme of Exchequer assistance has been put in place in order to expand the Irish fleet. Under this programme, fourteen vessels have been added to the Irish fleet which has increased in size from 142,000 dwt. to over 183,000 dwt. since 1986. A further £0.7m. is due to be paid in grant assistance during 1991/1992.

77. In 1989 the Government, in association with the EC, commissioned a report to examine the adequacy of Ireland's transport infrastructure and services, including the case for additional dedicated sea and air shuttle services to the countries of the EC. An Inter-Departmental Committee is studying the findings of the report with a view to identifying the priority areas for transport development. Its report is expected to be completed in the near future.

Shipbuilding/Ship Repair

78. The contract and other legal documents relating to the sale of Verolme Cork Dockyard to Damen shipyards of Holland have now been signed. It is planned to re-open the yard for ship-repair activities employing 59 workers. An additional **20** jobs in **sub-contracting** on site is envisaged. After the start-up of the ship-repair operation the purchasers intend to move into sub-contracting small ship hulls and sections and the preparation of knocked-down packages (of the various products marketed by the purchaser) thus enabling them to assess productivity levels, product quality and staff capability. Finally, they intend to move into shipbuilding, specialising in smaller vessels such as tugboats, patrol boats, firefighting vessels, fishing vessels, dredgers etc. with the prospect of employing 400-450 by the end of 1995.

Commercial Harbours

Introduction

79. The aim of policy in relation to commercial harbours is to ensure that appropriate port capacity and quality port infrastructure is available, strategically located particularly in relation to our EC trading partners. Our commercial ports are of crucial importance to our economy. This fact is highlighted by the level of total trade in volume and value terms handled by these ports in 1989 (80% and 65% respectively). More specifically, the commercial ports handled over £17bn. of Ireland's total external trade of £26bn. in 1989 and over £9bn. of Ireland's total export trade of £14bn. in the same year. The level of commercial traffic handled by the main ports illustrates their importance to the future of the Irish economy. The regulatory framework for Irish ports are the Harbour Acts, 1946-1976, and the Pilotage Act, 1913.

Programme for Economic and Social Progress

80. The principal objectives of commercial harbours policy over the medium term are:
- (a) to offset the effects of Ireland's peripheral location, so that Irish exporters, in particular, do not suffer any further competitive disadvantages in relation to their European counterparts, and
 - (b) to ensure that Ireland has sufficient port facilities to meet the anticipated increase in trade expected following the completion of the Single Market in 1992.

81. These objectives will be principally pursued through an investment in commercial ports of approximately £69m. which is being channelled through the EC-assisted Operational Programme on Peripherality. That Programme is assisting projects at the ports of Cork, Drogheda, Dublin, Dundalk, Foynes, Galway, Kinsale, Limerick, New Ross, Rosslare, Waterford and ties in with the transport infrastructure investment on roads and railways.

82. More specifically, the investment programme for ports has been determined on the basis of two overriding considerations as follows:

- (1) investment in ports which are essential for the efficient and economic movement of export goods and the import of raw materials for manufacturing; and
- (2) essential preservation and development work at certain ports so that they can retain their existing capacity and employment, and satisfy regional needs.

83. In addition, a fundamental review of the regulatory framework of Irish Commercial Harbours is being carried out with a view to making the operation of these ports more efficient and effective.

COMMERCIAL STATE COMPANIES

Consultation

84. The Government are committed to the maintenance of a viable and profitable commercial semi-State sector. Any changes in the ownership structure of particular State companies will only take place if it is in the public interest and in the best interest of the company and its employees, and following consultation with the social partners.

Recent Performance

85. The commercial semi-State bodies continue to play a very significant role in Ireland's economy. They are represented in virtually every sector; transport, energy, industry, tourism, communications, banking and insurance. The impact of these bodies on the economy is considerable. It has been estimated that they account for some 10% of GNP, while the sector holds assets in the region of £9bn. At the end of the 1988/89 financial year, the commercial semi-State bodies employed some 73,000 people, which is equivalent to around 7% of the total number at work or 9% of the total number of employees and several were among the largest employers in the country.

86. Because of the key role of the commercial State companies in the economy, their financial situation is of considerable importance. In aggregate terms, their recent performance continues to improve. Based on the latest accounting period (1988/89), profits increased further and the debt/equity ratio of the sector continued to show improvement.

Working Group

87. The Taoiseach and the Irish Congress of Trade Unions agreed on 27 March, 1990, that a Working Group, under the Central Review Committee, would undertake a speedy review of the role and contribution of State companies in economic development and in job creation. The Working Group examined the various possibilities that exist to improve the performance of State companies including the possibilities for developing large-scale indigenous companies capable of exploiting the Single European Market.

88. The deliberations of the Working Group took place in the context of the Programme for National Recovery, which stated that the State-sponsored bodies would be actively encouraged and facilitated to develop and diversify their economic employment-creating activities. Where new legislation was required to achieve this, it would be brought forward.

Principles

89. The following principles were agreed by the Working Group as a means of reducing constraints on the development of the commercial State companies to enable them to grow more effectively.

89.1 Commercial Freedom

- (a) Strategy and major investment decisions should be agreed with the Minister concerned and, where appropriate, with the Minister for Finance,

- (b) Day-to-day operations should be a matter for the companies, subject to satisfactory management and financial procedures being agreed with the parent Department and, where necessary, with the Department of Finance,
- (c) Companies should be free to price with the market, subject to Ministerial approval where wider national interests are involved,
- (d) Non-commercial activities, undertaken at the request of the Government or the Minister, should be clearly defined and distinguished,
- (e) Approval procedures for investment should cover the total commitment involved. Individual items of expenditure, which are part of this approval, should not normally involve additional approvals,
- (f) There should be an acceptance that new projects involve an element of risk. While every effort should be made to minimise such risk, success in the commercial domain cannot always be guaranteed,
- (g) State companies, in their commercial dealings, should not be discriminated against and equally should not be favoured, by the State, because the Government is the shareholder, and
- (h) The technical and management skills of State companies should be deployed outside the core business, where these are relevant.

89.2 Funding

- (a) The Government's objective in developing State companies is to enable them to contribute better to the economy and to employment. Private involvement in State companies can, in various ways and depending on the circumstances of each company, help the companies to achieve this objective. The Government favour diversification and expansion of State companies wherever possible and have so instructed State companies,
- (b) Private involvement could consist of:
 - (i) joint ventures between State companies and private sector interests where suitable opportunities arise and where funding the State company's participation does not create difficulties for the company or the Exchequer, and
 - (ii) sales of shares in a State company to the private sector where this will enable the company to survive, to make a better contribution to the economy, to protect or increase employment, or is desirable on policy grounds,
- (c) Private shareholding can reduce debt service which encumbers many State companies and bring in new markets and products and marketing and management skills,
- (d) State companies cannot always expand and diversify from within, but development proposals must be evaluated on their merits,
- (e) If shares in a State company are being sold, the Government will inform and as appropriate consult the board of the company and the trade unions concerned, and
- (f) The Government have no ideological position in this. The approach should be a practical one of enabling State companies to improve their contribution to the economy and to employment.

89.3 Social Obligations

Non-commercial obligations to be clearly defined and taken into account in assessing company performance.

89.4 Environmental Controls

The planning system should provide clear, independent and speedy assessment to avoid delays from frivolous and vexatious objections. Planning authorities should have access to the necessary environmental expertise.

89.5 Directors

The primary considerations which should apply in the appointment of directors to State companies are the experience and expertise of the individuals concerned. The Chairman should be consulted prior to the appointment of directors in order to provide the Minister concerned with the necessary information on the experience, talents and qualifications required for the board of the company in question.

Acceptance of Principles

90. The Government now accept these principles for implementation in the development of the commercial State bodies.

Development Initiatives

91. The Central Review Committee of this Programme will monitor the process of the development of the commercial State companies and will recommend, where appropriate, specific initiatives, which the Committee considers are likely to be economically viable, to Government based on that monitoring and the application of the principles now set down in this Programme.

THE ENVIRONMENT

Job Creation and Environmental Protection

92. Although environment policy is not an instrument of employment policy, it can, nevertheless, produce benefits for employment. The trend in the developed countries has been for progressively stricter environmental controls and standards. These increasing standards have the potential to stimulate employment of additional specially trained personnel in the monitoring of regulatory controls and requirements. Moreover, they can provide opportunities for industry by giving a stimulus to companies which supply environmental control equipment and services. The growing demand for environmentally-friendly products can expand the market opportunities for such goods and hence the creation of additional employment. There also must be a balance between the protection of the environment and development necessary to create jobs and there need be no conflict between the two requirements. The establishment of the Environmental Protection Agency, for which the legislation has been published, will have a major influence in achieving this objective.

93. We must continue to maintain our competitiveness on international markets and adopt standards that protect the environment but also take account of implementation costs and the impact on prices.

Environment Action Programme 1990-2000

94. The Government have recognised that there is an urgent need to address environmental issues and problems and to manage natural resources wisely. To this end, they are already investing considerable funds in pollution control and environmental protection programmes and launched a comprehensive Action Programme for the Environment on 26 January, 1990.

95. Expenditure of £1,000m. has been announced under the Action Programme over the ten years in respect of a wide range of measures to protect and improve the environment. Extensive funding has been earmarked for remedying water and air pollution problems. There are new programmes to deal with waste, including the promotion of greater recycling. Special programmes have been devised for the different sectors such as agriculture, forestry, energy and industry insofar as these activities affect the environment. For instance, efforts to combat water pollution which have already shown positive results will be continued. The elimination of pollution sources on farms will entail significant investment by farmers and generous grant support will be available from central funds. It is important that our farm produce can continue to be marketed abroad against the background of a healthy and pollution free environment. Increased expenditure in many areas arising from the Action Programme over the coming decade will give rise also to increased employment. While there are compelling reasons for continued investment in environmental protection and improvement, the state of the public finances and the level of support from the EC must be taken into account.

Water Quality

96. Subject to the available resources and EC support, an estimated £930m. will be invested in water supplies and sewage treatment plants at both coastal and inland sites, over the ten-year period and will stimulate considerable job creation in the engineering, manufacturing and construction sectors. Based on a factor of 19 direct jobs per £1m. this investment will provide jobs for the equivalent of about 17,700 man years during the next ten years.

Waste Recycling

97. The Environment Action Programme included the following proposals to encourage greater activity in recycling of waste:

- preparation by local authorities of recycling schemes for their areas,
- an IDA study into the possibility of establishing new industries based on recycling,
- a study of how the tax system might be adapted to encourage waste recycling on a commercial basis, and
- £500,000 was made available to grant aid small scale recycling activities.

The proposals are all at various stages of implementation but it is too early at this stage to estimate their employment potential. However, by their nature, waste recycling projects have a moderately high labour content. It is estimated that the proposals approved for grant assistance in 1990 will provide employment for up to 50 people.

Industry and the Environment

98. It is recognised that there is scope for job creation in the introduction by industry of clean technologies and low waste production processes. It is estimated that the environment technology sector will grow internationally at a rate of 7.5% per annum. The industrial

promotion agencies are actively promoting industries in the environment friendly sectors. The IDA, in particular, will be encouraging the location here of overseas manufacturing and service industries to cater for the demand for pollution and other environmental control equipment. It is also examining the possibilities of product opportunities in waste disposal.

99. A number of projects in the environment technology sector yet to be announced have been approved for grant assistance by the IDA and will create additional employment. Further projects are expected to emerge in due course.

Tax Relief for Environmentally Friendly Investments

100. The use of economic instruments to encourage and assist activity in the pollution and effluent control sector is relevant to the question of job creation in these areas. Tax relief is available by way of capital allowances for expenditure incurred on pollution effluent control equipment and related buildings.

Other Aspects of the Environment Action Programme

101. There are many other activities arising from the Environment Action Programme which either directly or indirectly will stimulate additional employment. Examples include development of the Grand and Royal Canals; assistance to farmers to carry out pollution control works; the implementation of an EC Scheme to protect environmentally sensitive areas and the stimulation of organic farming.

ARTS AND CULTURE

102. The arts are an important component of our society. They enhance its vitality, contribute to its sense of identity and play an increasingly significant role in its economy. The image they create contributes greatly to our tourist potential and assists our exports in other fields. In terms of employment, their contribution is becoming more and more significant.

103. Throughout the decade, the Government will continue to assist in the development of the creative arts. It will also provide for the enrichment of the cultural life of the country by promoting access to them and strengthening and improving our major national cultural institutions.

104. We are moving steadily towards the Arts Council's funding target of £12-£13m. and our aim is to reach this reasonably rapidly and as circumstances permit. The achievement of of this figure will allow the Arts Council to pursue even more vigorously its already very successful policies of encouraging creativity in the arts and providing wider and easier access to them throughout the country.

105. Considerable progress has already been made towards the modernisation and improvement of all our major national cultural institutions, some of which are at last emerging from a long period of relative neglect.

Temple Bar

106. The Temple Bar area in Dublin is to be redeveloped as a major cultural and tourism area. A new company, chaired by the Lord Mayor of Dublin, is being formed to co-ordinate the development, The development will create an innovative partnership between private

property owners and business people, on the one hand, and the cultural sector and public authorities on the other. The project is driven by a broad range of local interests represented on the new company through the Temple Bar Development Council who have played a key constructive role in the process. Funding has been approved from the European Regional Development Fund for an important pilot project in Temple Bar submitted to the European Commission by Dublin Corporation.

Irish Genealogical Project

107. The work of the task force on the Irish Genealogical Project is now bearing fruit. This project draws together all those with a legitimate interest in genealogy in Ireland and in particular the work of some 35 local centres operating on an all-island basis across the 32 counties. In these centres, genealogical records of all kinds will be put on modern computers. On the basis of this comprehensive set of records there will be an international marketing campaign to attract people of Irish descent around the world to come back to Ireland to find out about their families.

CO-OPERATIVE DEVELOPMENT COUNCIL

108. The Council together with a Co-operative Unit within FAS was established in June, 1988, under the terms of the Programme for National Recovery. The Council's terms of reference are:

- to stimulate greater awareness about co-operatives and their potential for development and employment;
- to identify the needs of co-operatives and worker co-operatives in particular;
- to identify and seek to correct gaps in current provisions; and
- to monitor the work programme of the Co-operative Development Unit.

109. The Council and Unit have developed and undertaken a wide range of promotional activities, business support, innovative training programmes and research under these headings. These activities have assisted the Council/Unit:

- to identify and meet the needs of existing worker co-operatives where possible;
- to design and implement a range of full-time and part-time specifically designed work co-operative training programmes;
- to undertake necessary research which in turn developed the Unit's Work Programme; and
- to undertake national and regional promotional activities.

110. The Minister for Labour has decided that the Council will be continued for a further period in order to capitalise on the groundwork done to date. This work should form a firm basis for the creation of additional jobs through the promotion of commercially viable worker co-operatives. Expenditure on co-operative development will be progressively increased to £1m. as necessary over the next two years. The additional expenditure is required to continue the work in hand and to give scope to respond flexibly to the sector's need in the next two-year period.

111. A portion of the Community Enterprise Budget will be allocated for use directly, as grant aid, in the worker co-operative sector. The Co-operative Development Unit monitored by the Council, will administer this grant aid. At least £0.5m will be allocated directly for grant aid to the worker co-operative sector over the next two years.

112. The Council will consult with the Department of Industry and Commerce and other relevant organisations on whether the existing co-operative legislation is inhibiting the development of this sector and, if necessary in the light of the review, appropriate amendments to the legislation will be proposed.

113. It is recognised that co-operatives experience great difficulty in getting loan capital and that a Revolving Loan Fund for Co-operatives may be required in order to put them on a comparable footing with developing small companies. Consideration will be given, therefore, to the establishment of a Revolving Loan Fund for Co-operatives to which FAS and other bodies, including private sector bodies, would contribute.

APPRENTICESHIP AND TRAINING

Apprenticeship

114. The Government in the 1986 White Paper on Manpower Policy set the objective of developing an apprenticeship system which would:

- be based on standards achieved rather than time served;
- ensure a satisfactory balance between supply of and demand for apprentices; and
- reduce the financial cost to the State while maintaining quality.

115. A new standards-based apprenticeship system should be introduced. The aim should be to increase the number of apprentices (**2,500**) in the currently designated trades by 1,000 per year. In addition, further trades should be designated which would increase the numbers still further.

116. To be recognised as a craftworker in future a person would have to have the National Craft Certificate as a compulsory requirement.

117. Minimum entry requirements would be specified and responsibility for the recruitment of industry sponsored apprentices would rest with industry in co-operation with FAS.

118. Special provision would be made for groups such as the disadvantaged, the disabled, mature entrants and women.

119. FAS would set annual achievable recruitment targets with the objective of increasing the number of apprentices from special groups.

120. The new system would be modular with alternating periods of on and off the job training,

121. The duration of apprenticeship would be determined by the training/education/developmental requirements of each trade.

122. Advisory Committees, representative of ICTU, FIE and CIF, should be established to oversee the implementation of these proposals.

Ongoing Training

123. Opportunity should be provided for ongoing vocational training and updating of skills training for the existing workforce in sectors undergoing technological change.

Equality

124. The female participation in non-traditional areas will be increased.

The Live Register requirements in the case of women applicants should be relaxed to facilitate women who wish to return to the workforce.

Creche facilities at training centres will be provided.

Training Allowances

125. All training allowances will be reviewed.

126. The funding to allow for the new apprenticeship system, and the other initial and continuing training, will be discussed by the Government with the trade union and employer organisations in the Central Review Committee of this Programme.

Section VI

Agricultural Development

1. The agriculture and food industry continues to be of central importance to the Irish economy, in terms of its contribution to national income, the balance of payments and employment. The Government are committed, through their domestic policies and their stance on the development of EC and international policies, to maximise the contribution which the sector will make in the future to the economy.
2. Low inflation and the lowest possible interest rates are of critical importance to the welfare of the agriculture and food sector. The Government will seek to provide a favourable inflation and interest rate environment to the sector via the economic policies agreed within the Programme.
3. The external economic environment is likely to pose major challenges for Irish agriculture over the coming years. At EC level, the CAP reform process, which has been emphasising reduced support levels and a greater market orientation, will continue. The outcome of the GATT Uruguay Round negotiations will result in a reduction of overall agricultural support, greater discipline in the application of various subsidies and reduced import barriers. These are likely to give rise to adverse consequences for agriculture throughout the Community and in particular for the Irish agriculture sector because of its dependence on export markets, and for the wider Irish economy.
4. The degree to which these consequences affect Ireland and certain sectors of the agriculture and food industry will be influenced by measures adopted at Community level.
5. The Council of Ministers and the Commission are committed to taking into account the particularly difficult situation of certain categories of producers and certain regions. The Commission has committed itself to the Council to submit concrete proposals aimed, inter alia, at offering a viable future to Community farmers through ensuring the competitiveness of European agriculture, reorientating the supports given to farmers in an equitable manner, thereby controlling production and ensuring appropriate levels of income support and reinforcing structural assistance including production-neutral income subsidies.
6. The importance of ensuring the continued viability of the agriculture and food sector and of securing adequate Community compensatory arrangements for Ireland is fully recognised by the Government. These will be priorities both in the negotiations leading up to the concluding stages of the Uruguay Round and in the ongoing negotiations on the reform of the CAP.
7. The Government will, therefore, seek to ensure that
—any commitments to be undertaken in the Uruguay Round negotiations are kept to the minimum possible and that equivalent commitments will be undertaken by other contracting parties;

- the essential features of the CAP are preserved, including Community preference and financial solidarity;
- future adaptations to support arrangements and complementary measures will take account of the needs of all categories of producers, and
- major Irish interests are protected, including in particular the safeguarding of the full quotas for milk and other products.

8. The Minister for Agriculture and Food will, from the earliest possible date, enter into discussions with the organisations on the approach to be adopted to the Commission's reorientation proposals and maintain close contact with them as the Community negotiations on these and as the GATT discussions develop. The Government will keep the situation under close review and use all their influence with the Commission and our Community partners to see that Irish vital national interests are protected. They will, as soon as it is possible to do so, carry out an assessment of the net consequences for Ireland, involving, in particular, a quantification of their effects on the Irish agriculture and food sector. In the light of their assessment of the development of the Community negotiations, the Government will discuss with the organisations and the EC Commission the compensatory measures to be adopted.

9. Taking account of the immediate decisions on compensatory measures and of the comprehensive Report of the Policy Review Group recently published by the Minister for Agriculture and Food, the Government will review all national policies relating to the agriculture and food sector and negotiate with the organisations a new Development Programme for the sector. This will take particular account of the views of the organisations on the need to promote structural change in farming. In this context, the Government are committed to (a) the maintenance of the maximum number of full-time commercially-viable family farm units in order to achieve and sustain the international competitiveness of the Irish agriculture and food sector, (b) promote lifetime transfers of land and the early establishment of young trained farmers, and (c) stabilise the rural population by appropriate integration of agricultural, industrial and other policies.

10. The Government will examine the possibility, in consultation with the EC in the context of structural reform in agriculture, of arrangements whereby farmers in the older age groups selling, leasing or transferring their farms will be provided with a retirement incentive related to means. In this same context of structural reform, the interaction with the position of farmers aged 56 and over who pay PRSI contributions but who will not qualify for a contributory pension will be considered.

11. In the meantime, as an immediate step, it is intended to be more flexible in regard to the achievement of the 1 Labour Unit under the Installation Aid Scheme, including taking account of leased land, and to consider sizeably increasing the tax threshold of income to be disregarded in the case of long-term leasing of land in order to facilitate land mobility. Where Structural Fund credits become available the Government will favourably consider increasing the level of the Installation Aid.

12. In all of this the Government, conscious of the more open trading situation facing Irish agriculture and the likely reorientation of support measures towards smaller farmers, are committed both to the achievement of a more competitive agriculture and food sector and a more diversified rural economy which can provide additional income and employment opportunities.

13. To achieve their objectives the Government are, at this stage, committed to undertake the specific measures set out below:

Structures

- (i) The extension of the existing Disadvantaged Areas by 19%, or some 2 million acres (bringing the total area of the country so classified to around 72%), and the reclassification of a further 1.5 million acres so as to increase the benefits already available to farmers in those areas. In addition, an effective appeals system, including resurveying where necessary, will be put in place as soon as the Commission proposal on extension of the areas is transmitted to the Council. The composition of the Appeal Body will be decided on in consultation with the organisations;
- (ii) In negotiations with the Commission on the current headage proposal, the Government will examine the extent to which marginal areas which were not included for classification and reclassification could subsequently be included and in addition the Appeal Body will be asked to take particular account of this issue. As regards reclassification the criteria will be reviewed in advance to enable the case of marginal areas to be considered;
- (iii) The increase and modulation of the headage rates originally intended to apply in 1992 will be brought forward to 1991. The full benefit of the revised headage scheme payments in respect of 1991 would, on this basis, be £100m. compared to £67m. previously. Furthermore, in the review of the application of the Structural Funds in Ireland, the Government will seek to ensure that, out of savings in other Structural Fund areas and taking account in the first instance of any savings arising in the case of the Guidance Fund, the credits available for headage are increased, in which event the rates of payment could be augmented in future years;
- (iv) The Government are committed to examine with the Commission the need to extend the Disadvantaged Areas benefit to disadvantaged farms outside the designated areas, particularly in the context of the outcome of the GATT talks;
- (v) The Government confirm their decision not to apply an off-farm income criterion in the case of headage payments;
- (vi) Standard costings used for the farm investment aid schemes will be indexed to apply from 1 August each year, starting in 1991, based on appropriate CSO figures; and
- (vii) The level of payments under the Environmentally Sensitive Areas Scheme will provide adequate compensation for the participating farmers.

Livestock Products

14. (i) High stock levels of beef cows and sheep will be important in sustaining farm output and income, and policy measures aimed at keeping up stock levels will be kept under review, including the maintenance of the stock relief tax incentive. The organisations are concerned that the clawback period be reduced to five years in line with other similar incentives. They also wish that hardship arising from destocking through disease eradication be specially considered;
- (ii) Consideration will be given as to how the forthcoming Community Measure on Inter-Professions and the current producer group regulation can be utilised to achieve a more orderly and remunerative supply structure in the beef industry;
- (iii) The Government will, as appropriate, through national action and, if necessary,

seeking to have the relevant Community regulation amended, ensure that the tendering system for intervention purchases of beef is properly operated so that cattle prices to farmers fairly reflect the benefits of intervention prices for beef;

- (iv) The Minister for Agriculture and Food will bring forward the new National Milk Agency Bill in the next Dáil Session; and
- (v) The Minister will establish a working party which will include representatives of the organisations to examine the new milk hygiene regulations and work on a submission which could be lodged for Community aid.

Implementation of schemes and programmes aimed at improving the marketing and quality of Irish food

15. Public funding for CBF has been increased by £0.25m. in 1990 and to £1.5m. in 1991 and the Government are committed to maintaining an adequate level of support in future years in the context of an overall industry programme, including additional industry financing, for greater emphasis on promotion and marketing of Irish meat. In the event of similar or analogous industry programmes being developed for the other agri-food sectors, the Government are prepared to implement an overall co-ordinated programme for the promotion of Irish food products.

16. The Government will ensure that the necessary resources are provided to enable Teagasc to continue to provide an effective and integrated service covering education and training, advice and research.

HORTICULTURE

17. Building on the achievements of the recent past, the following will be the main elements of this Programme:

- The objectives of the five-year plan adopted by An Bord Glas will set the agenda for the next three years so that by improving the standard and quality of produce and by building and strengthening the marketing and production structures, the horticulture sector will continue to win domestic market share through aggressive substitution for imported produce and will establish a substantially increased export market;
- The five-year plan will involve the creation of about 1,000 full-time jobs up to the end of 1993 and about 300 part-time jobs annually in 1991, 1992 and 1993;
- In order to advance these objectives grants valued at £4m. will be made available to the horticulture sector from the Operational Programme for Rural Development and £14m. aid is being provided under the FEOGA Processing and Marketing Grant Aid Programme; and
- An Bord Glas will become actively involved in the promotion of potatoes and horticulture products.

Furthermore, the Minister for Industry and Commerce, following an early review by the Fair Trade Commission, will consider whether the scope of the Restrictive Practices (Groceries) Order, 1987, should be amended to provide for a ban on the below-cost selling of a range of horticulture products including potatoes.

DISEASE ERADICATION

18. The Government recognise the importance of the eradication of Bovine Tuberculosis particularly in the context of the more vigorous requirements which will arise in the Single Market. They renew their commitment to the eradication campaign which will be based on an improved programme to be implemented over the next three years, including adequate research and removal of all sources of infection. It will ensure that this programme is adequately financed until it is brought to a successful conclusion. To this end, the Government will vigorously pursue their application for Community funding for the programme. In the light of the outcome of that application, the question of the level of Exchequer and farmer financing will be reviewed. At the same time, and on the basis of ERAD advice, the question of financing an adequate Income Supplement Scheme for herdowners whose herds are restricted because of TB outbreaks to alleviate the hardship incurred will be given urgent consideration. The Minister for Agriculture and Food will consult before the end of 1991 with the various interests involved about the disease eradication arrangements to be put in place when the current programme remit of ERAD expires in 1992.

RURAL DEVELOPMENT

19. In view of the importance of diversification of the rural economy and of increasing the income and employment opportunities in rural areas, the Government are committed to:

- implement the Operational Programme for Rural Development over the 1991-1993 period; and
- establish a national programme for integrated rural development which will draw upon the experience of the pilot programme which operated over the 1988-1990 period and other initiatives of a similar nature and which will be provided with adequate resources from national and Community (e.g. LEADER) funds. Rural-based co-operatives will be considered among the local groups to implement the LEADER initiative.

In addition, the Government are committed under Section VII of this Programme, as part of an area-based response to long-term unemployment and the danger of long-term unemployment, to encourage under the Enterprisal heading the development of manufacturing and service industry in areas with the most acute rural development needs. Teagasc is included in the agencies designated to provide services under this initiative.

The Government will ensure that the various rural development initiatives are fully promoted.

SIÚICRE EIREANN

20. The vesting in the Minister for Agriculture and Food of the special share in the holding company to be established for the Stock Exchange flotation will ensure, inter alia, that the retention of the sugar quota in Ireland is safeguarded.

The Government will undertake to agree terms with the Company to protect the present representational arrangements regarding quota distribution.

ACC

21. The core business objective of the ACC will continue to provide the agriculture and food sector with credit facilities which take full advantage of the opening up of EC financial markets. The Government will, in the context of the agricultural development programme, ensure that the ACC will adopt a central role in the provision of necessary credit facilities.

FOOD INDUSTRY

22. The Government will press for the establishment of a special EC fund to assist the food industry to adapt to changes in Community support for agriculture.

COMPOUND FEEDINGSTUFFS

23. The Government will enforce the EC provisions relating to the declaration of ingredients in compound feedingstuffs as recently revised by the Council of Ministers.

INCOME SUPPORT

24. The Government will consider as a matter of priority, in consultation with the organisations, arrangements to address the problem of low-income farming families. Any such arrangements will take account of relevant developments at EC level.

SOCIAL SERVICES

25. The Government will review as a matter of priority, in consultation with the organisations, all aspects of the administration of means tests in the Education, Health and Social Welfare areas in order to ensure that all sectors, including the farming sector, are treated equitably and consistently.

FARM TAXATION

26. (i) *Farm Tax Administration: Profile Forms*

As regards the administration of farmers' income tax, discussions will be held between representatives of the organisations and the Revenue Commissioners to review the working of the Farm Profile system, and to examine any desirable changes, including a more simplified Farm Profile system which could be completed without professional assistance, and its extension to the maximum possible number of farmers. In addition, the criteria for eligibility to use the Farm Profile system will be reviewed and clarified. An information campaign will be undertaken to ensure that farmers are fully aware of their entitlements in using the Farm Profile system;

(ii) *PAYE/PRSI*

The organisations attached particular importance to equity as between taxpayers, restating their demand for the PAYE and PRSI allowances to be granted to farmers. This request was noted by the Government;

(iii) *Capital Acquisitions Tax*

The treatment of farmland under CAT will be examined with urgency from the standpoint that the tax should not inhibit efficiency and necessary structural change, including early transfer, in the sector;

(iv) *Flat-rate VAT refund*

It is the Government's intention to retain the flat-rate refund arrangements, on the existing basis, for farmers, in agreement with the European Community; and

(v) *Capital Depreciation Allowances — Farmyard Pollution*

The Government will consider, as an exceptional measure, a continuation until 1993 of the 50% accelerated capital allowances for approved expenditure incurred by farmers within the framework of the existing grants schemes for the control of farmyard pollution.

FORESTRY

Forestry and National Development

27. Within the European Community, Ireland has a comparative advantage in forestry — the growth rates of Irish forests are over three times the Community average. Despite this advantage, Ireland is the least-afforested Member State with 6% of its area under forest as compared with 24% for the Community as a whole. Forestry has a vital role to play in the balanced development of the rural economy, the diversification of farm enterprises, the creation of employment and the improvement of the environment.

Progress under the Programme for National Recovery

28. In the Programme for National Recovery, the Government adopted a firm action programme to realise the potential for job creation, import substitution, export revenue, regional and social development that exists in forestry. This programme has been extremely successful:

- a new State-sponsored company, Coillte Teo, has been established to operate State forestry on a commercial basis;
- as a result of revised policies and attractive grant and income support schemes for forestry introduced during the period covered by the Programme, private forestry is going through its greatest expansion since the foundation of the State. Private sector planting has increased from an average of 300 hectares a year in the early 1980s to over 9,000 hectares in 1990, a 30-fold increase;
- farmers are now accounting for 45% of this high level of private planting; and
- the gross employment created by the expansion of forestry activity under the Programme amounted to 1,400 jobs.

Main elements of new Programme

29. Building on the foregoing achievements, the following will comprise the main elements of this Programme:

- expand national planting to 30,000 hectares a year to be achieved in 1993 and to be maintained at this level each year to the year 2000. This will be achieved through combination of public and private planting, both essential elements in Ireland's forestry development;
- encourage farmers to further expand their contribution to the planting programme as individuals and through group co-operative structures;
- the greatest incentives will be available for the planting of lands previously enclosed for agricultural purposes with a weighting in favour of the farmer-owner undertaking such afforestation;

- secure **EC** funds to support the continued development of forestry from 1993 to the year 2000;
 - formulate a strategy for the development of the timber industry to the year 2000 and beyond, incorporating Coillte Teo and all timber industry organisations;
 - construct about 500 km of forest roads (1990-1993) to facilitate the economic exploitation of existing forests;
 - increase harvesting and marketing programmes to **2** million cubic metres by 1993 and to **3** million by the year 2000;
 - implement relevant amenity programmes for recreational and tourism purposes;
 - generate the following jobs over the period of the Programme

1991	600
1992	300
1993	690
- with a further 1,200 jobs projected over the period 1994-2000 inclusive;
- the arrangements which have been put in place to ensure that new jobs arising from the State's planting programme do not arise in the black economy will continue in force and be fully implemented,
 - ensure that all forestry works undertaken contribute to the improvement of the environment, particularly by increasing the emphasis on broadleaved species and applying strict guidelines to protect areas of scientific interest, landscapes and fishery catchments, and
 - encourage further investment by pension funds in forestry.

[NB Throughout this Section reference to organisations relates to the **IFA**, the **ICMSA**, the **ICOS** and **Macra na Feirme**.]

Section VII

Area-based Response to Long-Term Unemployment

1. This integrated approach is designed to implement a community response, in particular local areas, to long-term unemployment and the danger of long-term unemployment as recommended in the 1990 EC Resolution on Action to assist the Long-Term Unemployed and by the NESC in "A Strategy for the Nineties".
2. It recognises, therefore, the NESC concerns that
 - there should be an explicit and targeted "redistribution of job chances" towards the long-term unemployed and those in danger of becoming long-term unemployed;
 - the cycle of long-term unemployment feeds on itself, is self-perpetuating and must be broken;
 - there should be a progression through the various education, training and work scheme initiatives to employment otherwise the long-term unemployed end up "back in the same position as they were", and
 - the very high priority attaching to long-term unemployment should be implemented by devoting resources on the required scale to it.
3. The proposed strategy will be area based, will have local communities as the primary movers, will integrate the various existing initiatives, will involve a progression, in particular to ensuring second-chance education leading to qualifications and therefore, with a greater real possibility of a job. The scheme will not be compulsory.
4. There will be a two-part modular approach, one set of modules being education, Social Welfare, Health Boards, training and work schemes, and the other being enterprise creation and employment offers from firms, with the possibility of employment incentives!
5. The approach will be piloted in both rural and urban areas in 1991. The pilot project will be reviewed before end 1991. It is proposed that, on the basis of that review, satisfactory models will be progressively extended nationwide by 1994, as resources become available from a growing economy. Provision for this extension will be made in the 1992 and subsequent Budgets.
6. A specific budget will be prepared by the relevant public authorities for each participating local area. Provision will also be made for the operation of the companies referred to in paragraph 10. This budget will flow from a local action plan that will itself be based on an assessment of the needs and requirements of all those individuals who find themselves, or who are in danger of becoming, long-term unemployed in a local area.

7. The budget for each participating area will include the following particular modules and initiatives within them:

A. Education

including

- Vocational Training Opportunities Scheme
- Part-time Education initiative
- Second level educational initiative
- Vocational Training Preparation scheme (in the Dublin area)
- Third level Education (Pilot scheme)
- Youth Services generally.

B. Social Welfare and Health Boards

including

- Part-Time Job Incentive Scheme
- Voluntary work scheme.
- Combat Poverty Initiatives,

C. Training

including

- Building on Experience Programme
- Other FAS Training
- CERT Training
- Teagasc.

D. Work Schemes

including

- Youthreach
- Social Employment Scheme
- Alternance Training.

A number of possibilities for improving the existing initiatives have been proposed as follows:

Community-based SES

Employers/unions to agree on the recruitment of additional people to undertake social/non-commercial work.

Work Experience Scheme

The long-term unemployed would be encouraged to seek out work experience opportunities for themselves. Social Welfare allowances would continue to be paid and employers, following discussion and agreement with trade unions, would be expected to make a top-up payment.

E. Enterprise

including

- Irish Resource Development Trust activities
- Trust for Community Initiatives
- FÁS Enterprise Allowance
- Community Enterprise Programme.

F. Employment

including

- Firms providing additional places for those who are long-term unemployed with the benefit of employment incentives.

8. The sources of funding and support possible are:

- existing Social Welfare, Education, Health Board and FAS expenditure and European Structural Funds and European Poverty Programme expenditures;
- new European Structural Fund support for innovative social projects for the long-term unemployed and from the LEADER programme for rural development;
- support from local communities;
- support from Irish firms;
- contributions from trusts and other such vehicles already established in Ireland and abroad to deal with developments that will reduce long-term unemployment and the emigration associated with it, and
- contributions in linked areas such as the ICTU Centres for the Unemployed.

9. Funds are being made available by the EC in 1990/1991 for three projects to assist the long-term unemployed through the provision of indepth counselling, training, work experience and job placement.

10. A local company will be formed to co-ordinate the response in each participating area. The directors of the company will consist of community interests, State development agency executives, Health Board and local authority officials and social partner representatives. Responsibility for programmes in deciding controls and expenditure will rest with programme agencies.

11. The relevant State agencies will work with the local companies to implement the integrated response modules.

12. One or more managers will be made available to each local company. Their objectives will be to arrange the initial individual assessment and co-ordinate the response from the local budget through the relevant State bodies, to develop the entrepreneurial response and to work with employers to exercise a positive discrimination in finding suitable jobs for those who are long-term unemployed.

13. The companies and the managers will then identify the most appropriate module

element for individuals. The State agencies will be responsible for the delivery of the module elements within a local budget.

14. At national level it will be necessary to have a structure to bring the project into existence and to monitor and co-ordinate the activities of individual local companies. This will be undertaken by the Central Review Committee (including all appropriate public authorities), supplemented by representatives from the Combat Poverty Agency, the Irish Resource Development Trust and the Trust for Community Initiatives. The Committee will recommend appropriate arrangements to Government for decision.

Section VIII

European community Dimension

1. The Programme for National Recovery was based on the fullest participation by Ireland in the international economy and in the European Community. Since 1987, Ireland's participation and the Community's development have been positive factors in the achievement of the Programme's objectives. There has been substantial economic growth in the Community and the process of political, economic and social integration has accelerated. The proposals for development of the Community to which reference was made in the Programme have, very largely, been agreed and, with the irreversible progress in the creation of the Single Market and with the implementation of "the Delors Plan" and other proposals, the programme set out in the Single European Act is well on the way to being completed.

2. Very broadly, the implementation of that programme has respected and accommodated the Irish interests and concerns set out in the Programme for National Recovery. Some progress has been made in reducing the disparity between Irish levels of development and living standards and those of the more developed Member States and regions. On the basis of GDP per head of population, Ireland is now at 68.8% of the EC average, up from 64.9% in 1987. Nevertheless, the parties to this Programme are not satisfied with the degree of balance yet achieved in the array of Community policies or with the extent to which, taken together, they will contribute to achievement of the Treaty objective of economic and social cohesion.

3. With completion of the Single Market in sight and with the recent commencement of two Intergovernmental Conferences to amend the Community Treaties with a view to the final stages of Economic and Monetary Union and to Political Union, the Community is now set firmly on a path that, over the next decade, will transform it and ultimately lead to a genuine European Union. This closer integration has the potential, under the right conditions, to confer major benefits on Ireland. Realisation of this potential, however, will depend crucially on the integrating Community and on an eventual European Union having the characteristics and policy balance which suit Ireland's social and economic needs and aspirations. It will be vital to ensure this and to take the necessary steps in Ireland to ensure that we benefit fully from European integration.

4. The parties to this Programme have, therefore, agreed that Ireland must continue to pursue a clear national strategy directed to promoting full and balanced European integration in the economic, monetary and social spheres, in the framework of an evolving Political Union and on the basis that essential to this process must be a Community commitment, backed by practical and strengthened action, to ensure major progress towards the achievement of economic and social cohesion. The objectives are thus:

—to close significantly the gap in living standards and levels of development;

- to ensure that the balance, design, and implementation of Community policies fully and effectively promote realisation of that aim, with progress in negative integration being increasingly and satisfactorily complemented by positive integration policies, and
- to ensure maintenance of a firm Community negotiating position in the GATT Uruguay Round and an outcome that will enable the Community to continue to apply its Common Agricultural Policy geared to achieving the basic economic and social objectives set out in the Treaty, and in particular the assurance of a fair standard of living for the Community's farmers and rural population, and that will sustain the Community's capacity as a major food exporter.

The parties to the Programme endorse the broad thrust of Report No. **88** of the NESC, "Ireland in the European Community: Performance, Prospects and Strategy" as providing the necessary guidelines for such a strategic approach.

5. Over the coming decade, Irish policy will be directed to promoting the development and application of a comprehensive and effective policy approach by the Community to the achievement of economic and social cohesion, complementing and reinforcing the primary efforts of the less-developed Member States and regions themselves and embracing:

- (a) a further strengthening of structural policy, implemented primarily through the Structural Funds, suitably extended and reformed,
- (b) the targetted and as necessary, regionally differentiated application of other Community policies and actions in relation to areas such as the development of agriculture and trade, regulation of competition and State aids, development of transport and trans-European networks and support for education, training, innovation and research and development,
- (c) a much more active co-ordination, through the Community, of Member States' macroeconomic policies, geared to stability, growth and job creation, and
- (d) progressive extension of the role of the Community budget through the creation of a Community system of revenue and expenditure, inherent in which would be the fiscal equalisation mechanisms characteristic of all fully fledged political and economic unions.

6. Policy will build on the commitments by the European Council in the latter half of 1990, that Political Union will be based on, *inter alia*, economic and social cohesion, that Economic Union is to be dedicated to economic and social cohesion, that in order to move on to the second phase of the Union further satisfactory and lasting progress towards real and monetary convergence will have to be achieved, and that the reports to be made as the basis for the decision on passage to the third phase are to cover, in particular, the progress made in real convergence. Ireland will aim, in the Intergovernmental Conference, to ensure the necessary parallelism between monetary and economic aspects and that effective cohesion action, correlated with the degree of integration in question, is integral to each successive phase of the process.

7. In regard to social policy, Ireland will support Community action geared to promoting social cohesion as an essential basis for creation of the Single Market and for sustainable economic integration generally. Ireland will promote Community action directed at the progressive convergence of social policy in an upward direction. An important aim will be to ensure that specific Community actions in this broad area are satisfactorily adapted to Ireland's distinctive circumstances and needs, particularly the need to increase numbers

in viable employment. Ireland will support the practical expression of the rights set out in the Social Charter through the adoption of Community instruments that respect the overriding employment imperative and the varying practices of Member States.

8. In regard to agriculture and rural development, the position is set down in paragraphs 3 to 9 and 19 of Section VI.

9. The Government and the social partners will continue to consult closely, through the Central Review Committee, on the development and application of Irish policy on European Community matters. Development of the European Community, in line with the strategy outlined, together with the domestic policies outlined in this Programme, hold out the promise of transforming Ireland, by the year 2000, into an economy of an advanced type providing significantly higher standards of living and greater economic and social equity,

Section IX

Labour, Company and Related Legislation

LABOUR LEGISLATION

1. Labour legislation lays down minimum standards to which all employers and employees must adhere. Legislation is reviewed on a continuing basis in the light of experience, economic and social development and international commitments. This review will continue during the period of the Programme, striking a balance between the needs of employers and employees.

2. Arising out of the Programme for National Recovery, the Government:

- set out for discussion various options for amendment of the legislation concerning unfair dismissal, employment equality and payment of wages;
- having undertaken to examine the status of part-time workers, introduced the Worker Protection (Regular Part-Time Employees) Bill, 1990;
- enacted legislation to give effect to the main recommendations of the Commission on Safety and Health at Work;
- established the tripartite National Authority and expanded the financial resources devoted to occupational safety and health;
- enacted legislation to reform industrial relations law, practices and procedures, and
- introduced legislation to facilitate the introduction of worker protection at sub-board level in State enterprises.

3. The Minister for Labour will undertake the following measures during the course of the Programme for Economic and Social Progress:

Part-time workers: the Minister for Labour will seek to have the Worker Protection (Part-Time Employees) Bill, 1990, enacted as early as possible.

Employment Equality: a new Bill, amending the Anti-Discrimination (Pay) Act, 1974, and the Employment Equality Act, 1977, will be introduced by the end of 1991.

Unfair Dismissals: a new Bill to amend the Unfair Dismissals Act and improve the procedures for the operation of the Employment Appeals Tribunal will be introduced in the Dáil in Spring, 1991.

Payment of Wages: a new Bill to facilitate the payment of wages otherwise than in cash will be introduced in the Dáil in Spring, 1991.

Employment Agencies/Agency Workers: the Minister for Labour will examine the

position of agency workers and the legislation relating to the control of employment agencies.

Conditions of Employment: the Minister for Labour will complete his review of this legislation and will identify the options which may be required.

Holidays: the Minister for Labour will review the legislation relating to holidays.

Other legislation: in the light of experience of the administration of the Protection of Employment legislation the Minister for Labour will examine the need to improve its operation.

OCCUPATIONAL SAFETY AND HEALTH

4. The National Authority for Occupational Safety and Health was set up to implement a new approach to safety and health in the workplace reflected in the Safety, Health and Welfare at Work Act, 1989. Adequate resources will be given to the Health and Safety Authority, having regard to budgetary constraints, to enable it to implement the Act and to meet the requirements of European Community Directives in the area of health and safety. The Authority will hold discussions with ICTU and FIE on the needs of employers and employees under the legislation.

INDUSTRIAL RELATIONS

5. The parties to the Programme are committed to the creation of a good industrial relations environment which will be conducive to the creation and maintenance of employment. Significant progress has already been made in this area with the enactment of the Industrial Relations Act, 1990, which fulfilled a commitment made in the Programme for National Recovery. The Act provides an improved framework for the conduct of industrial relations and the resolution of disputes and will be an important element in the development of industrial peace which is vital for a sustained improvement in economic growth.

6. The Labour Relations Commission established under the Industrial Relations Act, 1990, has overall responsibility for the promotion of good industrial relations. This will be achieved through the provision of a range of services which will include conciliation and advisory services and the preparation of codes of practice. The FIE and ICTU have suggested issues on which codes should be prepared and the Minister for Labour has submitted a number of these suggestions to the Commission for its consideration.

WORKER PARTICIPATION

7. Employee participation is of benefit to both the enterprise and its employees. The main ingredient in the success of the Programme for National Recovery has been the co-operative and partnership approach of the participating bodies. It is important that this social consensus at national level is translated into industrial relations practices and procedures at company level.

8. The Worker Participation (State Enterprises) Act, 1988, which was introduced during the period of the Programme for National Recovery, provides for the setting up of

sub-board participative structures in 35 State enterprises. To date, two-thirds of the specified bodies have introduced participative arrangements, and developments in the remainder are being monitored.

9. The operation of the Worker Participation (State Enterprises) Acts, including the possibility of extending them to other State companies, will be kept under review by the Minister for Labour in consultation with ICTU and other relevant interests. Discussions will be held with unions in the public service with a view to determining how progress can be made in relation to employee participation in the public service.

10. Discussions have been held between ICTU and FIE under the Employer-Labour Conference on the question of the development of worker participation in the private sector. Arising from these discussions, an FIE/ICTU Joint Declaration on employee involvement in the private sector will be published shortly by the Employer-Labour Conference for consideration by FIE and ICTU members. The Employer-Labour Conference will monitor the development of employee involvement throughout the private sector.

SUNDAY TRADING

11. The Shops (Hours of Trading) Act, 1938, includes provisions governing Sunday trading and concerns the regulation of competition. It does not relate to the conditions of employment. The matter will continue to be kept under review.

COMPANY LAW, CONSUMER PROTECTION AND COMPETITION

12. A modern efficient market economy requires a satisfactory legal framework in the areas of company law, consumer protection and competition policy. The resources available to the Director of Consumer Affairs and Fair Trade will be kept under review for this reason.

COMPANY LAW

13. A major programme of company law reform has been pursued since 1981 and this will continue throughout the next decade. Since the programme began, four Companies (Amendment) Acts have been enacted — in 1982, 1983, 1986 and 1990 — as well as four separate sets of European Communities Regulations.

14. In December, 1990, the Companies Act, 1990, was passed by both Houses of the Oireachtas. This is by far the biggest element of company law reform since 1963. The Act is designed to curb abuse of limited liability, give creditors greater redress in cases of malpractice, increase confidence of investors and improve the direction and management of companies generally. During its passage through the Oireachtas, additional provisions were included on disclosure of major shareholdings, insider dealing and auditors' qualifications.

15. In order to deal with the issue of maintaining and securing existing employment, the Companies (Amendment) Act, 1990, puts in place legislative procedures for an Examiner under the protection of the Court which will give companies experiencing difficulties every opportunity to reorganise themselves so that they can ultimately survive.

16. During the period of the Programme, further EC Directives will be implemented including the 7th, 11th and 12th Company Law Directives on consolidated accounts, branch accounts and one-member companies.

CONSUMER PROTECTION

17. Major consumer protection measures are planned for implementation over the coming year. In the area of product liability, responsibility will be imposed on producers of products and their components for injury or loss caused to persons because of a defect in the product without the consumer having to prove negligence. There will also be measures adopted to bring about harmonisation of standards in relation to product safety. Finally, wide-ranging measures will be introduced to curb abuses associated with moneylending.

18. In parallel with the foregoing measures, the Minister for Industry and Commerce will be investigating, in consultation with the Ministers for Justice and Finance, the feasibility of improving procedures for dealing with disputes involving small amounts of money.

COMPETITION POLICY

19. The Competition Bill is intended to give effect in domestic law to provisions similar to Articles 85 and 86 of the EC Treaty so as to prohibit anti-competitive agreements and abuse of a dominant position. The discipline which Articles 85 and 86 impose is already applicable to those sectors of the economy which are engaged in trade at Community level. The application of the same rules to “domestic” activities will stimulate competition in the remaining sectors of the economy, so that the traded sectors will not have to bear the costs imposed by anti-competitive practices in more sheltered local businesses.

LIABILITY INSURANCE

20. In order to reduce the costs of liability insurance the Government will urgently examine the possibility of reforming the system for dealing with personal injury claims, including the question of having such claims dealt with by a specialist tribunal.

Section X

Institutional Developments

NESC Project on Comparative Institutional Aspects of the Irish Economy

1. The NESC is currently undertaking a comparative project entitled 'The Irish Economy in a Comparative Institutional Perspective'. The project starts from the reality that many small, open European economies with structural similarities to Ireland have experienced, both historically and recently, higher levels of economic growth, lower levels of unemployment and generally superior economic performance. These countries include Finland, Sweden, Denmark, Austria and Switzerland and they are the focus of the study.

2. The project attempts to identify institutional features of these economies, in the widest sense, which help to explain their comparative economic success. Aspects of these economies which will be explained include:

- the role, structure and strength of relevant institutions;
- the nature and extent of innovation systems including the relationship between education, training and technological institutions;
- the type of labour market policies pursued and how these are co-ordinated with industrial, sectoral and regional policies; and
- the structure and effectiveness of administrative and policy-making systems.

3. The NESC considers that:

- (i) Ireland, as a small, open, peripheral economy should systematically learn from other economies with similar characteristics which have overcome these obstacles and achieved high levels of economic growth and full employment, and
- (ii) the analysis of these economies in the NESC report will provide a basis for discussing views and policies informed by the experience of more successful, small economies. The Council itself will in due course advocate institutional changes and arrangements which, on the basis of comparative experience, are appropriate to current Irish circumstances,

Central Review Committee

4. The Central Review Committee established under the Programme for National Recovery to review and monitor the progress in implementing the Programme and the achievement of its targets and objectives was generally regarded as being very satisfactory. The Committee mechanism will continue to operate to monitor the achievement of the targets and objectives of the new Programme.

APPENDICES

Appendix A

DRAFT AGREEMENT ON PAY AND CONDITIONS BETWEEN THE IRISH CONGRESS OF TRADE UNIONS AND EMPLOYER ORGANISATIONS

1. Basic Increases

It is agreed by the parties to this Agreement that pay increases shall be calculated annually for three years on the basis of:

4% of basic pay in the first year of the Agreement as it applies in each particular employment/industry.

3% of basic pay in the second year of the Agreement as it applies in each particular employment/industry.

3.75% of basic pay in the third year of the Agreement as it applies in each particular employment/industry.

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

£5 per week in the first year,

£4.25 per week in the second year,

£5.75 per week in the third year,

the appropriate percentage increase for any particular year could be adjusted to those levels by local negotiations and local agreement.

2. Economic and Commercial Circumstances

The increases in Clause 1 above 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.

3. Local Bargaining

Exceptionally, employers and trade unions may negotiate further changes in rates of pay and/or conditions of employment which may be for an amount up to but not exceeding 3% of the weekly/monthly basic pay cost of the group of employees concerned. Such changes may be implemented, on a phased basis where appropriate, commencing not earlier than the second year of the Agreement in each particular employment/industry in the private sector, including the commercial State-sponsored bodies.

The application of this Clause in the public service is set out in the Memorandum of Understanding attached at Annex 1 and implementation in that area may commence not earlier than the third year of the Agreement.

The application of this Clause in the case of the Construction Industry is set out in the Memorandum of Understanding attached at Annex 2 and implementation in that area may commence before the end of 1991.

Negotiations under this Clause will take full account of the implications for competitiveness, the need for flexibility and change and the contribution made by employees to such change.

4. *Pensions and Sick Pay Schemes*

Unions are not precluded by Clause 3 from making claims for the introduction of pension or sick pay schemes where none exist. Having regard to the cost and other implications of pension or 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. *Stabilisation*

It is agreed that no cost increasing claims, other than those provided for in Clauses 1, 3 and 4 will be made on employers during the currency of the Agreement.

6. *Date of Implementation*

Except where otherwise agreed at local level, this Agreement shall apply from the expiry dates of current employer/union agreements.

7. *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 this Agreement, they shall jointly refer the matter to the Labour Relations Commission/Labour Court or, where appropriate, to other agreed machinery.

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 is acting in accordance with the provisions of this Agreement.

8. *Review*

The parties to this Agreement shall meet not earlier than October, **1992**, to review the operation of this Agreement 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.

Annex 1 to Appendix A

Memorandum of Understanding in relation to the operation in the Public Service* of Clause 3 of the Agreement on Pay and Conditions which forms part of the Programme for Economic and Social Progress

1. An important objective of the Programme for Economic and Social Progress is the putting in place of a coherent programme of structural and adjustment policies designed to improve the economy's internal efficiency, enhance international competitiveness and overcome barriers to long run development. Since the public service forms such a significant part of the economy, its level of efficiency and effectiveness is a key determinant of the efficiency of the economy as a whole. The achievement of a high level of efficiency and effectiveness in the public service requires in turn a committed, well motivated staff whose contribution to the overall economy is respected and valued by the community at large.

2. On the ratification of the Agreement on Pay and Conditions, discussions will commence in the various areas of the public service and in accordance with agreed negotiation procedures, with a view to implementing the terms of Clause 3 of the Agreement in a way which will:

- enable a meaningful response to be made to staff aspirations for more fulfilling work and improved career paths;
- create an organisational climate conducive to better job satisfaction, motivation and commitment of staff;
- provide management with the flexibility necessary to apply staff and other resources in the most cost effective way so as to respond to the demands being or likely to be made on the public service.

3. In these discussions, both parties will address claims for improvements in pay and conditions of service (which could involve changes in structures and/or working practices) with a view to agreeing on improvements which could be implemented in accordance with Clause 3 of the Agreement. No form of industrial action or pressure shall be taken by either party in furtherance of such claims. The parties will endeavour, to the greatest possible extent, to resolve claims and differences by direct negotiation. However, where it is not possible to reach agreement on a matter relating to basic pay, the matter may be referred, with the agreement of both parties, to adjudication in accordance with normal procedures. Where an agreement is reached, whether in direct negotiation or following agreed adjudication, which involves commitments which would increase costs further in subsequent years, payment of the balance of any increase over and above that allowable under Clause 3 of the Agreement would be the subject of discussions not later than 1 July, 1993, with a view to arriving at a mutually acceptable solution which should include provision for reference to a third party, if necessary,

4. As an alternative to Clauses 2 and 3 of this Memorandum, not more than one cost increasing claim in respect of any grade of staff may be processed in accordance with normal procedures and implemented in accordance with Clause 3 of the Agreement on Pay and Conditions. Payment of the balance of any increase would be the subject of discussions not

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

later than 1 July, **1993**, with a view to arriving at a mutually acceptable solution which should include provision for reference to a third party, if necessary.

5. Clauses **2, 3, and 4** of this Memorandum shall be in substitution for Clause **3.5** of the Elaboration of Clause **3** of the October **1987** Agreement on Pay in the Public Service.

Annex 2 to Appendix A

Memorandum of Understanding on the operation in the Construction Industry (including the Electrical Contracting Industry) of Clause 3 of the Agreement on Pay and Conditions which forms part of the Programme for Economic and Social Progress

1. Having regard to the conclusions of the reports of the working parties on basic pay for craftworkers in the Industry, it is agreed that employers and unions within the Industry may negotiate, in accordance with Clause 6 of this Memorandum, a fall-back element for workers who are paid only the basic rates and allowances provided for in the Registered Agreements for the Industry following the full application of the terms of the Pay Agreement between ICTU/FUE/CIF associated with the Programme for National Recovery,
 - (a) who are not in receipt of additional elements of remuneration for the standard working week of 39 hours, and
 - (b) in respect of whom no additional settlement has been agreed at NJIC level during the currency of the Programme for National Recovery.
2. The increases referred to in Clause 1 shall be in full and final settlement of all claims for improvements in pay and/or conditions of employment for the period of this Agreement. It is agreed that no other cost-increasing claims will be made or processed.
3. Unions in the Industry, and ICTU, on behalf of the other unions, undertake to ensure that they will not attempt to extend any increases which emerge as a result of negotiations under Clause 1 or to use them as a basis for a claim in respect of:
 - (a) any other category of employee within the scope of the Construction Industry, or
 - (b) any employment or category of employee outside the Industry.
4. It is agreed that the provisions of Clause 1 deal specifically and exclusively with the limited number of workers in receipt of basic rate only.
5. Clause 5 of the 1979 Agreement between the Construction Industry Federation and the construction unions dealing with the relationship between piece rates and basic rates will not apply in relation to any increase negotiated under the provisions of Clause 1 of this Memorandum.
6. All negotiations under this Memorandum will take place within the parameters of Clause 3 of the Agreement on Pay and Conditions which forms part of the Programme for Economic and Social Progress and any improvements arising from these negotiations will be implemented in accordance with the provisions of that Clause.

Appendix B

MEMORANDUM OF UNDERSTANDING IN RELATION TO SURPLUS STAFF AND AGE LIMITS IN THE PUBLIC SERVICE”

Staff Surplus to Operational Requirements

1. Where, in any area of the public service, changes in schemes, programmes, structures or operational arrangements result in a situation in which some staff are surplus to the requirements of the employing organisation, management will deal with the problem by offering the staff concerned on a non-replacement basis (a) redeployment or (b) early retirement/severance or (c) other agreed measures including career breaks or unpaid leave. These measures, which are designed to avoid any compulsory retirement, will require the active co-operation of staff and Unions which will be forthcoming.

Separate arrangements to deal with any teachers surplus to requirements in ways designed to avoid any compulsory retirement will be made by the Departments of Education and Finance in agreement with the Teachers Unions and the Educational Authorities.

Where difficulties arise, they will be discussed by a Monitoring Committee representative of public service unions and management with a view to reaching a solution.

Age Limits in Recruitment

2. In the context of changing work patterns, the provision of job opportunities for the long-term unemployed, and the desirability of promoting equal access to employment, the Government commit themselves to a policy of substantially raising recruitment age limits throughout the public service. This policy will not, however, preclude the holding of competitions for school-leavers, trainees and graduates.

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