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## Partnership 2000

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## Partnership 2000

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## DEPARTMENT OF THE TAOISEACH - PARTNERSHIP 2000

### INTRODUCTION

In October 1996 the Government invited a wide range of Social Partners to Dublin Castle to participate in discussions on the development of a new national Partnership to cover the next three years. In extending that invitation, Government signalled that the process of negotiation would be wider and more inclusive than heretofore. Government also signalled its desire, in common with the Social Partners, to deepen partnership, taking it from the national level to sectoral, community and enterprise level.

The key objective for all participants, Government and Social Partners, has been to secure for Ireland through improved competitiveness; the benefits which preceding national agreements have won, to build upon and extend the economic and social progress that has been achieved and to ensure an equitable distribution of future benefits across society.

To secure the required growth to meet the higher standards of living which all sections of society seek, a fundamental issue has to be addressed æ how to promote competitiveness in the face of the challenges ahead for Ireland, including global competition, the information society, technology advances, world trade negotiations, ongoing reform in the Agriculture area, EMU and enlargement of the European Union.

Through the deeper dialogue that has developed between the Government and Social Partners, I believe an innovative approach to tackling the challenges ahead has been adopted. The Partnership contains a number of significant elements, in particular the partnership within enterprises and the modernisation of the Public Service on the one hand and action for greater social inclusion and a new focus on equality on the other.

Finally, I wish to thank all those who participated in the negotiations and I look forward to taking the Partnership forward through implementation.

John Bruton,

Taoiseach.

## CHAPTER 1

### THE CHALLENGES

1.1 This national agreement, the Partnership 2000, for Inclusion, Employment and Competitiveness, represents a strategic approach to lead the Irish economy and society into the 21st Century.

1.2 The key objectives of the strategy are the continued development of an efficient modern economy capable of high and sustainable economic and employment growth and operating within the constraints of international competitiveness, ensuring that Irish society becomes more inclusive, that long-term unemployment is substantially reduced, and that the benefits of growth are more equally distributed. The strategy provides a framework within which specific issues or programmes will be developed, in the normal way.

1.3 In accordance with previous agreements, discussions on this Partnership were conducted within the framework of the National Economic and Social Council Report, Strategy into the 21st Century and the views expressed in the National Economic and Social Forum Report, Post PCW Negotiations - A New Deal?

1.4 Submissions, responding to both these reports, were formally presented in the Opening Discussions for a new agreement at Dublin Castle, October 23rd 1996, by nineteen organisations. These were Irish Business and Employers Confederation (IBEC), Irish Congress of Trade Unions (ICTU), Construction Industry Federation (CIF), Irish Farmers Association (IFA), Irish Creamery Milk Suppliers Association (ICMSA), Irish Co-Operative Organisation Society Ltd. (ICOS), Macra na Feirme, Irish National Organisation of the Unemployed (INOUE), Congress Centres for the Unemployed, The Community Platform<sup>1</sup>, Conference of Religious of Ireland (CORI), National Womens' Council of Ireland (NWC), National Youth Council of Ireland (NYCI), Society of Saint Vincent de Paul, Protestant Aid, Small Firms Association (SFA), Irish Exporters Association (IEA), Irish Tourist Industry Confederation (ITIC) and Chamber of Commerce of Ireland (CCI).

1.5 On the basis of the NESC and NESF reports and the wide and comprehensive discussions on this Partnership the three essential economic and social challenges facing the economy and society can be summarised as:

- maintaining an effective and consistent policy approach in a period of high economic growth;
- significantly reducing social disparities and exclusion, especially by reducing long-term unemployment; and
- responding effectively, at both national, sectoral and enterprise level, to global competition and the information society.

1.6 These challenges emerge from the context in which the Irish economy and society finds itself at the end of 1996. A detailed review of the Irish economy and society since 1960, together with the changing global environment, clearly indicates three points: firstly, that problems can arise as much in periods of strong economic growth as in periods of recession; secondly, that economic growth does not ensure that all members of society benefit equally or even at all; and thirdly, that the rapidly changing external environment requires a thorough examination of the way economic activity is organised at both the level of the firm and of the state, and of its impact on families and individuals.

### Managing Growth

1.7 This Partnership has been formulated against a background of rapid economic growth. The challenge is to maintain a shared understanding of the mechanisms and relationships in the Irish economy and society so that the resultant co-ordinated economic response from the various economic actors that served well in a time of crisis, will continue in a time of prosperity. Such a strategic response is essential if short-term opportunism, with its attendant negative impact on competitiveness, is to be avoided.

1.8 The key responses of this Partnership to the challenge of managing rapid growth are:

- the renewal of the macroeconomic framework (Chapter 2) that has underpinned our economic success by providing for sound public finances, for low inflation and for monetary stability, with a clear emphasis on the control of public spending;
- providing for improved living standards through a combination of pay and personal taxation (Chapter 3), social welfare and public services (Chapters 4 and 8);
- the strengthening of the shared understanding of the conditions for constructive enterprise change through partnership in:
  - Action through Partnership for Competitive Enterprise (Chapter 9);
  - Action to Modernise the Public Service (Chapter 10); and
  - Action on Partnership and Monitoring (Chapter 11).

### Reducing Social Disparities

1.9 The essential challenge of this Partnership is to address the growing problem of inequality, of which long-term unemployment is a major cause. While the majority of the population have benefited from the economic growth and related social progress of the last three decades, many continue to experience increasing marginalisation.

1.10 This challenge of greater social inclusion can only be met through a strengthening of economic capacity and the adoption of a coherent inclusion strategy - outlined in Chapter 4. This strategy is specifically targeted at those experiencing inequality and social exclusion and, within its framework, a number of key priorities are identified.

1.11 Facing the challenges of the 21st Century also requires a new focus on equality, which implies the adoption of a strategic approach - outlined in Chapter 7 - for the full integration of women and of people with disabilities, Travellers and other groups experiencing discrimination. It includes the promotion of greater equality of access, participation and outcomes for all marginalised groups in our society.

### Responding to the Changing Environment

1.12 The Irish economy operates in a rapidly changing environment in which continuous technological and organisational innovation are imperative, rather than merely desirable, both within and between firms in the Private Sector, within the Public Sector and in the role of Government itself. The necessity for positive flexibility and rapid responses to change are underscored by the size and openness of this economy.

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1.13 Institutional developments, including preparation for the third and final stage of EMU, enlargement of the EU, World Trade Organisation negotiations on a new trade round and the review of EU Structural and Cohesion funding, re-inforce the challenge of a competitive global environment.

1.14 Competitiveness is determined by relative performance on pay, taxes and public expenditure but also, and equally, by other factors such as productivity, innovation, education and training and the cost and quality of services provided by the State and state sponsored bodies. Improvements in social solidarity and increased social inclusion make an important contribution to sustaining competitiveness and society's overall efficiency and cohesion.

1.15 The third major challenge that this Partnership faces is to make competitiveness and social solidarity self-sustaining. The challenge of global competition and the information society requires continuous innovation, flexible working methods, highly skilled workers and life long learning.

1.16 Action to meet the challenge of global competition and a rapidly changing environment will be pursued through the modernisation of the economy, outlined in particular in Chapter 6 - Action to Promote Enterprise and Jobs, Chapter 7 - Action on Small Business and Chapter 8 - Action to Develop Agriculture, Food and Forestry, to make it more competitive by way of the development:

- of the information society;
- of providing for life long training and education;
- of reform of taxation systems;
- of a supportive environment for enterprise, especially small firms;
- of a more modern Public Service; and
- of the full use of the potential of the labour force.

<sup>1</sup>The Community Platform was set up by the Community Workers Co-operative, the Irish National Organisation of the Unemployed, the National Womens' Council of Ireland, Irish Rural Link, Irish Traveller Movement, Focus on Children, Gay and Lesbian Equality Network, One Parent Exchange Network, Conference of Religious of Ireland, Forum of People with Disabilities, Pavee Point, Community Action Network, European Anti-Poverty Network and Irish Commission for Prisoners Overseas as a mechanism to organise the participation of this sector in the Partnership.

## CHAPTER 2

### THE MACROECONOMIC FRAMEWORK

2.1 This Partnership is predicated and dependent on continued strong growth in the Irish economy. Fundamental to its successful implementation and the benefits it will bring to our economy and society, is the management of our public finances in accordance with the Maastricht Criteria and the EU Stability and Growth Pact. This is an overriding principle of the Partnership, its terms æ in particular on taxation and public expenditure in its entirety æ have been drafted in accordance with it and the principle cannot be infringed in the implementation of the Partnership.

#### 1987-1996

2.2 The adoption of a consensus approach to economic management based on prudent fiscal policy, moderate pay increases and moderate inflation is reflected in the economic and budgetary performance of the Irish economy since 1987. Over the period of the three National Programmes, 1987-1996, there has been strong economic and employment growth, particularly in comparison to the EU and OECD, which has been accompanied by low inflation, a significant fall in Government deficit and debt ratios and a considerable increase in living standards. Areas of concern, however, are the high level of current public expenditure over the period and the persistence of long-term unemployment.

2.3 Over the period of the Programme for Competitiveness and Work (PCW), the economy enjoyed a period of very strong growth with GNP growth of 7 per cent in 1994 and 1995 and an estimated increase of 6 per cent in 1996. Employment growth, the key challenge of the PCW, was unprecedented with non-agricultural employment (excluding schemes) increasing by 126,000 between 1993 and 1996. Unemployment fell from 15 per cent in 1994 to 12 per cent in 1996 and inflation remained low averaging 2.2 per cent over the period. The General Government Deficit (GGD) has been reduced from 2.2 per cent of GDP in 1993 to around 1.5 per cent in 1996, while the debt/GDP ratio has fallen from 94 per cent in 1993 to an estimated 76 per cent at end 1996.

#### Outlook for the Medium Term

2.4 The economic outlook for the period of the new Partnership, 1997-1999, continues to be positive. While the forecasts are dependent on certain assumptions such as a sustained recovery in the European economy and stability on the currency market, GNP is expected to rise by 5 1/2 per cent in 1997 and 4 1/2 per cent in 1998 and 1999. This is well above the growth rate forecast for the EU. Inflation is expected to remain moderate at around 2 per cent while employment growth is expected to average 38,000 per year.

2.5 At a European level, the period covered by this Partnership is likely to see the introduction of a single currency, underpinned by a Stability and Growth Pact, further progress towards enlargement, a new financial perspective governing the allocation and use of the structural funds, and progress on the integrated employment strategy developed at the Essen European Council and confirmed by the Dublin Declaration on Employment.

#### Policy Objectives in the New Partnership

2.6 The primary objective of macroeconomic policy under this Partnership will be to secure and strengthen the economy's capacity for sustainable employment and economic growth and social inclusion. In framing that policy the maintenance of low inflation, reduction of Public Sector deficits and debt and transition to EMU provide clear guidelines.

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2.7 The participants in this Partnership agree and accept that this requires:

- agreement on the public finances, including a reducing rate of increase in current public spending;
- agreement on the maintenance of a firm exchange rate strategy;
- co-ordinated wage setting, with a strong focus on competitiveness; and
- a commitment to economic and social solidarity.

2.8 In relation to the public finances, the participants have agreed on an equitable and balanced fiscal policy that incorporates:

- an action programme for social inclusion and equality, involving additional expenditure of £525 million which will, inter alia, maintain the real value of social welfare;
- tax reductions of £1 billion on a full year cost basis representing real reductions of over 0.5 per cent of GDP each year;
- current public expenditure policy over the period of this Partnership will aim to keep the annual growth of gross current Supply Services spending as close as possible to 2 per cent in real terms. Any excess on this target in 1997 will be minimised. For 1998 and 1999 the aim will be to hold to an average annual 2 per cent rate;
- the General Government Deficit to be not more than 1.5 per cent, by 1999; and
- a debt/GDP ratio of 70 per cent by 1999(1). A 60 per cent level can on this basis be achieved early in the 21st Century.

2.9 The participants to this Partnership believe these elements:

- will assist significantly in promoting competitive enterprise and growth, which within a commitment to the sharing of growth, will in turn create greater employment, social inclusion and equality;
- will enable living standards to increase significantly in real terms while allowing the moderate pay agreement to be ratified and implemented; and
- will deliver a General Government Deficit comfortably within the requirements of the Maastricht Criteria and in line with those of the Stability and Growth Pact.

2.10 The objective of monetary policy will continue to be price stability. In pursuit of this objective, the Central Bank gives priority to the maintenance of a firm exchange rate. In the context of the Maastricht Criteria and EMU, the Criteria relevant to monetary policy are:

- inflation close to the three best performing Member States;
- a currency which has observed the normal EMS fluctuation margins provided for by the Exchange Rate Mechanism of the EMS for at least two years, without devaluation against the currency of any other Member State; and
- average nominal long-term interest rates that do not exceed by more than two percentage points that of the, at most, three best performing Member States in terms of price stability.

2.11 In anticipation that Ireland will be ready to join EMU on its establishment, the Government will also continue its efforts to ensure that Article 109m of the Treaty on European Union, whereby each non-Euro area Member State shall treat its exchange rate policy as a matter of common interest, is used to maximum effect, consistent with the Treaty, with a view to avoiding real exchange rate misalignments and excessive nominal exchange rate fluctuations. In the context of Irish membership and possible UK non-membership of EMU and the possible occurrence of a depreciation in Sterling, the NESC in its Report Strategy into the 21st Century advocate that a number of conditions should be in place.

2.12 These include:

- sufficient trust between the Social Partners to ensure an adequate information flow and burden sharing;
- continuous efforts to strengthen the underlying competitiveness of the Irish economy;
- Irish businesses should, where necessary, be assisted to make full use of financial and hedging instruments; and
- profit sharing arrangements at both the enterprise and macroeconomic level, can also be of assistance.

(1) When account is taken of changes in definitions of debt and GDP in that year.

**CHAPTER 3**

**ACTION ON LIVING STANDARDS THROUGH PAY, PERSONAL TAXATION AND SOCIAL INCLUSION**

3.1 The Programme for National Recovery (PNR), Programme for Economic and Social Progress (PESP) and Programme for Competitiveness and Work (PCW) each provided for significant increases in real living standards. After tax pay increased by 23 per cent for single persons and by 17 per cent for married couples (with two children) over the period 1987 to 1996. During this time social welfare payment rates increased by 8 to 11 per cent in most cases, although the lowest payments were increased more rapidly, in some cases by up to 41 per cent to bring them into line with other Social Welfare payment rates.

3.2 Looked at in terms of the European Union, Irish living standards have increased significantly since 1991. Ireland's GDP per capita in 1991 was estimated to be 75 per cent of the EU average. Estimates for 1995 show GDP per capita in Ireland at 89 per cent of the EU average.

3.3 Continued significant growth in real living standards is a legitimate aspiration provided it is grounded in a shared understanding of how it can be consistent with national competitiveness and increased employment.

3.4 This Partnership represents, in that sense, a shared understanding for improved living standards based on moderate pay increases, low inflation, significant personal taxation reform and reduction, as well as greater economic and social solidarity.

3.5 On pay, the terms of the Draft Pay Agreement are detailed in the Appendix.

3.6 On personal taxation the process of tax reform will be intensified over the years 1997 to 1999, with the Government pursuing the priorities set out in its policy agreement, A Government of Renewal. A sum of £1 billion, on a full year cost basis, will be made available for all tax measures covered by this Partnership.

3.7 On Social Welfare, the changes are outlined in Chapter 4.

3.8 The particular priorities that will be pursued are:

- the growth of employment and the reduction of unemployment;
- continued wage moderation underpinned by sharing the benefits of growth;
- the need to support investment; and
- greater social inclusion.

**Personal Taxation**

3.9 The Government will introduce personal tax reductions to the cumulative value over the three years of £900 million on a full year cost basis. For those on the average industrial wage, receiving pay increases of 9 1/4 per cent, their after tax income will increase by up to 14 per cent.

3.10 These reductions will take place in each of the years and will produce, after tax, a higher level of take home income, which is estimated to be close to 5 per cent.

3.11 Action on personal taxation will be implemented in an integrated manner with measures to promote social inclusion, to ensure that potential distortion of the labour market is avoided, and the impact on work incentives is maintained, in the light of current and ongoing labour market conditions.

3.12 The Social Partners confirm their acceptance of the principle of taxation of all income within the ordinary parameters of the tax system. A number of modifications have already been introduced to reduce the impact of taxation on income for certain Social Welfare benefits. The Government will introduce a further relief in respect of disability benefit in the 1997 Budget. The measures to give effect to this relief will be agreed in consultation with the Social Partners.

### *Atypical Workers*

3.13 The changing nature of work arrangements and the growing number of workers who may not work on a continuous basis or whose income may fluctuate significantly over the course of their employment have implications for the way in which such income can be fairly and efficiently taxed. The Social Partners have agreed that the appropriate taxation arrangements for atypical workers should be examined jointly in greater detail during the course of this Partnership to see how the income tax system might be adapted to cope with this change in the nature of employment and activity.

### *Tax Credits*

3.14 The Social Partners note the proposals put forward by several groups in the discussion on this Partnership for a change to tax credits and standard rating of personal allowances as a way of equalising the benefits of tax relief and allowances to taxpayers on different marginal rates and using these resources to fund other taxation changes. Given the complex policy and other issues involved in such a move, the Social Partners have agreed that the issue of standard rating and a tax credit system should be the subject of further examination before end-September, 1997.

## **Employee Share Schemes and Profit Sharing**

3.15 The Government and the Social Partners support more favourable tax treatment of employee share schemes and profit sharing as a means of deepening partnership and securing commitment to competitiveness at the level of the enterprise. They see these concepts being underpinned by appropriate tax adjustments to be included in the Finance Bill, 1997, following consultation with the Social Partners.

## **Business Tax Measures**

3.16 A further £100 million, on a full year cost basis, will be provided for a business tax package to include reductions in Corporation Tax. Subject to budgetary constraints, additional resources may be made available for Corporation Tax reductions in the light of decisions on the future strategic direction of policy on Corporation Tax for the next century. These will provide for progressive reductions in the standard rate of Corporation Tax and improvement in the position of small enterprise over the three years and consideration of agreed tax measures to facilitate accepted enterprise restructuring.

3.17 The Government recognise that because the regime of 10 per cent Corporation Tax for manufacturing extends to 2010, and for the International Financial Services Centre (IFSC) to 2005, an early decision on the regime beyond those dates is necessary because of the planning horizons of firms.

### **Pensioners**

3.18 The Government agrees that, in order to assist the position of pensioners, it will, in each year of the Partnership, review the income tax allowance and exemption limits for those over 65 years with a view to further assisting the position of the aged.

### **Tax Administration**

3.19 Significant measures have been taken in recent years to promote voluntary compliance and to trace and counter tax evasion. As part of this, the new audit and enforcement programmes, which are specifically designed to combat tax evasion will be maintained. In addition, the co-operation between the Revenue Commissioners and the Department of Social Welfare in monitoring the operation of the tax and social welfare systems will continue through the joint investigation units. In the context of the ongoing efforts by the Revenue Commissioners to strike a reasonable balance between the need to ensure that all taxpayers fulfil their obligations on an equitable basis and the associated costs of compliance, submissions from the Social Partners on particular requirements which they consider give rise to excessive costs will be considered under the monitoring arrangement of Chapter 11. The Government are committed to continuing progress in this area to ensure the effective collection of revenues while being conscious of the need not to overburden compliant taxpayers.

### **VAT on Labour Intensive Services**

3.20 The Government confirms its intention, subject to EU requirements and overall budgetary circumstances, to maintain the status quo in relation to VAT for labour intensive services and construction over the medium term. Moreover, they will be pressing in the EU's review of the VAT regime for the option to maintain the current position of labour intensive services and construction in whatever common EU VAT system may emerge.

### **Tax and Social Welfare Fraud**

3.21 The Social Partners support the Government in its efforts to combat abuse in all areas of public expenditure. The greater use of RSI numbers will enable all agencies to co-operate more effectively in the pursuit of abuse.

3.22 The Government are aware of, and will take further measures as appropriate to counter tax and social welfare fraud. The Black Economy Monitoring Group, which is drawn from the Revenue Commissioners, the Department of Social Welfare, the CIF, IBEC and ICTU, will continue its work of monitoring developments and reviewing the effectiveness of measures taken to combat tax and social welfare fraud. A number of important measures in relation to the operation of the C45 system have already been taken as a result of the work of the Group. The Social Partners note that there have also been changes in the law to permit or require a greater exchange of information by public bodies with the Revenue Commissioners and Social Welfare and that these initiatives should be built upon subject to the presumption of honesty. The views of the Group therefore will continue to be important in combating tax and social welfare fraud.

## CHAPTER 4

### ACTION FOR GREATER SOCIAL INCLUSION

#### Introduction

4.1 The impact of this Partnership in promoting greater social inclusion will come through:

- the specific measures outlined in this Chapter and in Chapter 5;
- reduced tax for those on low, but taxable, incomes; and
- increases for those at the lower end of pay rates.

4.2 Expenditure of £525 million on a full year cost basis on social inclusion measures will protect the real value of social welfare payments during the period of the new Partnership and provide significant additional improvements in the social inclusion areas within the framework set down in this Chapter and Chapter 5.

4.3 Social exclusion can be succinctly described as cumulative marginalisation: from production (unemployment), from consumption (income poverty), from social networks (community, family and neighbours), from decision making and from an adequate quality of life. Social exclusion is one of the major challenges currently facing Irish society. To minimise or ignore this challenge would not only result in an increase in social polarisation, which is in itself unacceptable, but also an increase in all the attendant problems such as poor health, crime, drug abuse and alienation, which impose huge social and economic costs on our society.

4.4 Social inclusion will therefore be pursued not in any residual way, but rather as an integral part of this Partnership and a strategic objective in its own right. The primary objective of a social inclusion strategy is to ensure that the benefits of economic growth, and related social improvements, are shared by all sections of the Irish population. Access to jobs is a key to this.

4.5 The tackling of social exclusion requires an integrated approach, with full inter-sectoral co-ordination, and appropriate mid to short-term and strategic long-term measures. This will be the approach as outlined in the following sections.

4.6 The macroeconomic and fiscal framework, envisioned by NESC and outlined in Chapter 2, establishes the parameters within which a strategy to tackle social exclusion must take place. That is, as in all areas of public policy, it must be consistent with the management of public finances such that the targets set out in the Maastricht Treaty can be met. The implementation of the proposals set out in this Chapter will require a re-ordering of some Government spending priorities with increases in expenditure in some areas being compensated elsewhere.

#### National Anti-Poverty Strategy

4.7 A central feature of this Partnership will be the adoption of a National Anti-Poverty Strategy (NAPS) by the Government early in 1997.

4.8 The Strategy, which reflects the Government's commitment at the UN Social Summit in Copenhagen in 1995, is at an advanced stage of preparation, involving extensive participation by and consultation with those experiencing poverty and social exclusion, and those organisations articulating the interests of these groups.

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4.9 Arising from the consultation process, the NAPS will address five key themes which are central to the tackling of poverty and social exclusion:

- unemployment, particularly long-term unemployment;
- educational disadvantage;
- income adequacy;
- regenerating disadvantaged urban communities with concentrations of poverty; and
- tackling poverty in rural areas.

4.10 In each case, the NAPS will outline a series of objectives to be pursued, and the strategy to be followed in the interest of reducing poverty and social exclusion. This will involve an explicit framework and a more co-ordinated response across the range of relevant public policies and agencies. Within this broad framework, particular policies and programmes will be developed in the normal way, as resources permit, whether through changes in existing measures or the development of new measures. For example, the delivery of health services will continue to reflect the progressive implementation of the Health Strategy published by the Department of Health.

4.11 Discrimination is being addressed in all of the themes listed in paragraph 4.9 as an overarching theme. In addition the NAPS will be based on the following principles:

- ensuring equal access and participation for all;
- guaranteeing the rights of minorities especially through anti-discrimination measures;
- the reduction of inequalities and in particular addressing the gender dimensions of poverty and unemployment;
- the development of a partnership approach building on national and local partnership processes;
- actively involving the community and voluntary sector;
- encouraging self-reliance through respecting individual dignity and promoting empowerment; and
- engaging in appropriate consultative processes, especially with users of services.

4.12 The parties to the agreement are committed to putting a National Anti-Poverty Strategy in place as soon as possible. Appropriate institutional arrangements will be put in place to support a NAPS, in particular by facilitating consultation, monitoring and evaluation, with a view to securing a targeting of resources and a mainstreaming of poverty issues.

4.13 Funding of the national anti-poverty networks will be continued. The Green Paper on Voluntary Activity, to be published early in 1997, will outline options for permanent funding arrangements for these networks and other national networks concerned with equality and social inclusion. Final decisions on further funding arrangements and levels will be made in the light of the consultations and discussion to follow publication of the Green Paper.

4.14 The following sections indicate the priority issues in the context of this Partnership, arising from the reports of the NESC and the NESF, in respect of each dimension of the strategic approach to tackling exclusion set out in paragraph 4.9.

### *Support for Families*

4.15 The relationships sustained in families are an important foundation for full participation in economic and social life. In the context of this Partnership, the Government reaffirms its policy on supporting families and strengthening their capacity to deal with changing social and economic realities. To that end, the recommendations contained in the Interim Report of the Commission on the Family, published recently, and the Commission's Final Report which is due to be published in mid-1997 will be fully considered in the context of developing coherent, progressive and effective policies for families.

### **Social Inclusion and Unemployment**

4.16 The single biggest contributor to social exclusion, and poverty, is unemployment. Conversely, access to work, to adequately paid employment, is a major source of participation. Thus the most effective strategy for the achievement of greater social inclusion is one which focuses, across several fronts, on increasing employment and reducing unemployment. This Partnership 2000 for Inclusion, Employment and Competitiveness, like its predecessor the PCW, while acknowledging the importance of all the dimensions of social exclusion and seeking to address them, focuses in particular on tackling unemployment, through enterprise promotion, job growth, employment incentives, active labour market measures and tackling discrimination within the framework set out in paragraph 4.22.

4.17 In seeking to reduce unemployment traps, a key issue is improving take home pay and non-wage benefits of those at work on low incomes. The incentive and reward dimensions are crucial. These arise in relation to:

- gross earnings at prevailing wage level;
- income when in and out of work; and
- pre and post tax income.

The NESC and NESF analysis envisaged action being required in three areas: family income support, supplements for housing, rent or mortgages, and active labour market measures. Tax policies affecting the take home pay of those at work on low incomes, as well those addressing the problem of tax and social welfare fraud, are dealt with in Chapter 3.

### ***Reform of Child Benefit and Family Income Supplement***

4.18 The Expert Group on the Integration of Tax and Social Welfare identified significant unemployment and poverty traps associated with child income support. In the 1995 and 1996 Budgets, Child Benefit was significantly increased in the context of a strategy to move towards a more integrated child income support system. It is recognised that there are very substantial costs involved in moving towards a more universal system of income support for children and that it has significant implications for women in the context of the distribution of household finances.

4.19 In the context of the priority of reducing disincentives to work, priority will be given to the Family Income Supplement (FIS) system as a means of increasing the net return from work to families with children. Accordingly, during the lifetime of this Partnership, FIS will be reformed so as to be calculated on a net income basis, rather than on gross wages, as at present. This will significantly increase the supplements payable and hence the rewards from work. This will complement the beneficial impact on incentives, jobs and equity of the tax measures to be implemented as part of this Partnership, as outlined in Chapter 3.

***Modification of Withdrawal Rate of Housing Supplement***

4.20 Under the Supplementary Welfare Allowance Scheme, a weekly supplement may be paid in respect of rent or the interest element of a mortgage repayment, provided a person is not working for more than 30 hours per week. The withdrawal of this allowance can constitute a severe unemployment trap.

4.21 Specific consideration will be given to alleviating this unemployment trap, through the introduction of an appropriate tapering arrangement. The Government will consider this issue within the first year of this Partnership, in consultation with the Social Partners.

***Expansion of Targeted Employment Measures***

4.22 Directly targeting sectors of the unemployed by providing active labour market policies is a key part of the action programme to tackle social exclusion. Accordingly, as resources permit, action will be taken during this Partnership to:

- ensure that the number of places available on labour market measures and in adult education targeted at the unemployed is adequate and are provided at a rate that enables quality to be maintained;

- improve the coherence of existing labour market programmes so as to avoid overlap with other measures;
- link programmes to the skills required in the labour market;
- target available opportunities at the hardest to place unemployed;
- develop programmes targeted at the needs of young people; and
- enhance progression pathways within education and training, in particular between measures targetted at the disadvantaged and mainstream measures.

4.23 In this context, the priority target groups will be:

- persons on means tested long-term unemployment payments; and
- persons in the following categories who are seeking employment:
  - dependent spouses of claimants on long-term unemployment and other means tested payments;
  - unemployed young people under the age of 18;
  - lone parents; and
  - persons in receipt of Disability Allowance (formerly DPMA).

4.24 The range of labour market interaction measures, including the Community Employment Programme (both the integration and part-time job options), the Pilot Part-Time Jobs Opportunities Programme and the Jobs Initiative will be reviewed to ensure that priority is given to those most disadvantaged. The objective will be to meet their needs through a greater choice of full-time or part-time options. As resources permit, there will be an increase of 10,000 places, with particular provision for those unemployed for more than 5 years.

4.25 The progression of participants from labour market programmes to open employment will be enhanced by ensuring that adequate resources are available to support the personal development of participants, by providing certification of the experience gained in such programmes (to be developed by TEASTAS in partnership with the Social Partners), by reviewing the effectiveness of job subsidy schemes which support the recruitment of the unemployed and by developing new approaches as necessary. In addition, provision will be made for the development of independent and accessible outreach information services to advise the target population of the services available.

### ***Further Development of Employment Services***

4.26 The development of an effective public employment service, especially through the Local Employment Service (LES), is essential to address the needs of the unemployed, and particularly the long term unemployed, through providing:

- an effective guidance and counselling service;
- a systematic contact with the target groups concerned;
- an effective information service (on the range of services available);
- a comprehensive registration service and database;
- an active placement service to liaise with employers;
- an after placement assistance service;
- a planned progression path;
- effective co-ordination of services (combining a clear delineation of roles with effective co-operation and delivery); and
- innovative training to prepare people for mainstream programmes.

4.27 The initial phase of the establishment of the LES in 14 areas is currently being evaluated. The LES will be extended, through the country on a phased basis, initially to areas of concentrated unemployment, such that the LES will have commenced in all designated partnership areas during the period of this Partnership. The operational agreements for an extended LES will reflect the outcome of the current evaluation and consultation with all interested parties. There will be a commitment to user representation on management committees. The expanded LES will provide advice and support services to all those seeking work, with priority being given to the groups specified in paragraph 4.23.

## **Education**

4.28 The link between educational disadvantage and unemployment and social exclusion is very strong. Accordingly, education policy will continue to be oriented in such a way as to give priority in the allocation of resources to those in greatest need. This will take account of the priorities in the White Paper on Education, the Report of the Commission on the Status of People with Disabilities, the Report of the Task Force on the Travelling Community, the Review Body on Special Education, the NESF recommendations and the forthcoming report of the NESF, and the deliberations of the NAPS theme group on educational disadvantage.

4.29 Accordingly, policy and strategy will give priority to the following key objectives of:

- breaking the inter-generational cycle of poverty and disadvantage;
- increasing retention rates and completion rates in primary and second level education;
- mainstreaming of good practice from Youthstart as appropriate;
- addressing the requirements of children with special needs;
- increasing support for the involvement of parents as partners in education; and
- providing a continuum of education for adult and community groups including 'second chance' education.

4.30 Over the course of the Partnership priority will be given to:

- a strategy to enable non-standard applicants, particularly disadvantaged and mature students, to participate in third level education, in particular by encouraging third level institutions to develop initiatives similar to the NCIR;
- a co-ordinated strategy to tackle the issue of early school leavers building on the experience of Youthreach and other existing programmes. This will be developed in consultation with the Social Partners, the partners in education, the area partnership companies, and the Departments of Health and Justice;
- subject to evaluation of the Early Start and Breaking the Cycle Programmes, developing further early intervention at pre-school and primary level with continued, focused support to improve access to second and third level for disadvantaged groups;
- expanding the places on the Youthreach and VTOS programmes;
- strengthening the education service for Travellers and people with a disability, with a particular emphasis on access to mainstream education;
- the deepening of business æ education linkages and co-operation through the shaping of the curriculum and resources, as appropriate; and
- expanding the provision of opportunities for social and personal development in the Youth Service towards the targets recommended in the Costelloe Report.

**Income Adequacy**

4.31 The real income position of those dependent on social welfare will be protected and enhanced. It is agreed that the minimum rates recommended by the Commission on Social Welfare will be implemented before the end of this Partnership. Meanwhile the analysis of poverty and income adequacy measures, carried out by the ESRI and published in December 1996, will be considered in the context of the NAPS. This consideration will take account of the labour market consequences of the scenarios presented by the ESRI, when assessed in conjunction with the pay and personal taxation development outlined in this Partnership.

4.32 The impact of the £60 earnings ceiling on the payment of adult dependant allowances and child dependant allowances creates poverty traps, particularly for low-paid workers. Measures to alleviate those poverty traps will be considered, in consultation with the Social Partners.

4.33 In the context of the focus on unemployment and exclusion, enhancement of the real value of payments to the unemployed is based on the reciprocal obligations of society to provide decent incomes and worthwhile supports in job seeking for the unemployed, and of the unemployed to seek and accept reasonable employment, development and training opportunities. In this context, continuing progress will be made during this Partnership, in enhancing the quality of labour market programmes.

***Social Insurance System***

4.34 The importance of the role of the Social Insurance System in the overall provision of social protection is recognised. The reform and development of the Social Insurance System will be continued over the course of this Partnership.

***Basic Income***

4.35 A further independent appraisal of the concept of, and the full implications of introducing a basic income payment for all citizens will be undertaken, taking into account the work of the ESRI, CORI, and the Expert Group on the Integration of Tax and Social Welfare and international research. A broadly based steering group will oversee the study.

***Pensioners***

4.36 The recent ESRI Report on Occupational and Personal Pension Coverage in 1995 has led the Department of Social Welfare and the Pensions Board to undertake the National Pensions Policy Initiative. The purpose of the Initiative is, following wide-ranging consultation, to produce recommendations on the future development of a national pensions policy. The application of the Revenue Commissioners regulations on pensions will be reviewed in the light of the Initiative.

4.37 The Minister for Social Welfare will also request the Pensions Board to examine the following issues:

- abolition of front-end loading commissions;
- indexation of pensions in payment;
- offering a choice of a fixed pension or a lower indexed pension to all annuity recipients and defined contribution scheme recipients; and
- provision of a Certificate of Reasonable Expectation by the providers of defined contribution schemes.
- Account will be taken of the forthcoming Opinion of the NESF on older people and pensions.

### **The Social Economy**

4.38 The EU White Paper, Growth, Competitiveness, and Employment (1994), gave a clear endorsement to the concept of the social economy. The White Paper identified the possibility of encouraging new types of social services provision and useful social employment along a 'continuum' between pure, commercial service provision, on the one hand, and pure statutory provision, on the other.

4.39 A Working Group will be established immediately to undertake a detailed examination of the potential of the social economy, both in terms of employment and also in the supply of services, such as childcare, elder-care and services improving the quality of life in disadvantaged areas. The Working Group will comprise representatives from relevant Government Departments and the Social Partners. Appropriate support mechanisms to facilitate the achievement of the full potential of the social economy will be established, in the light of the recommendations of the Working Group.

### **Local Development**

4.40 The area-based approach to tackling long-term unemployment, established under the PESP, will be continued with the active support of the parties to this Partnership. The identification of good practice and of national policy implications will be matters for priority attention, in line with the recommendations of the OECD review of local development policy and practice in Ireland. In particular, there will be a focus on producing a more concentrated policy response to the needs of communities with the greatest concentrations of unemployment and disadvantage. Special attention will be paid to enhancing community and business participation in the Programme of Urban and Village Renewal.

### ***Devolution***

4.41 Local development, including locally-based strategies to tackle unemployment and social exclusion, will be supported through the development of an appropriate partnership between local development bodies and a renewed local government system. This will reflect the work of the Devolution Commission, providing a local government system with an extended range of functions and powers. In the course of this Partnership preparations will be made for an integrated approach to local government and local development, building on the achievements of the Local Development Programme and continuing the emphasis on participation and partnership which is being developed with the support of the structural funds committed up to 1999. The development of arrangements for the post-1999 scenario will involve the participation of the Social Partners.

### ***Enterprise Trust***

4.42 The employer bodies will co-operate with the overall strategy for local development and will promote the establishment of Local Enterprise Networks within the framework of the Operational Programme for Local Urban and Rural Development. Enterprise Trust, a body formed by them in 1992, which has special tax status to maximise the potential of the private sector support for local economic and social development, will support this commitment on the part of the employer bodies.

### ***Community Development***

4.43 Local Development in disadvantaged areas requires that communities develop the capacity to provide effective leadership. Accordingly, the Department of Social Welfare's Community Development Programme (CDP) will continue to be strengthened and expanded. A priority list of thirty new areas and communities of interest to be pro-actively targeted for inclusion in the Programme over the period of this Partnership will be drawn up. Deprived rural areas and urban neighbourhoods not already served by the CDP and communities of interest, which may require different approaches, will be priorities in this process.

### ***Disadvantaged Urban Areas***

4.44 The particular needs of the major urban centres will be addressed. In the context of the Territorial Employment Pacts proposed by the European Commission, the parties to this Partnership will review and deepen their commitment to locally-based measures to enhance employment and tackle unemployment, in line with the objectives of the Action Plans of the area partnerships in these cities.

4.45 The scale and concentration of disadvantage in certain areas of Dublin requires a strategic and targeted response. This must be multi-dimensional and must be targeted in such a way as to reach the individuals and communities directly effected. The particular needs of disadvantaged communities in Dublin will be addressed through supporting the conclusion of a Territorial Employment Pact for Dublin, in line with the recommendations of the European Commission. This will provide a renewed focus by the public authorities and the Social Partners on the needs of disadvantaged Dublin communities. In particular, it will provide a new strategic framework to the work of the existing area partnership companies. This will take account of the potential impact on unemployment and social exclusion of the Docklands Development, of the Historical Area Renewal Project (HARP), of the Urban Initiative and of the other major infrastructural developments which are planned. Recommendations for a refocusing of investment and spending programmes to benefit those experiencing the most severe disadvantage will be identified.

4.46 Estate management policies will be developed to provide more local, more participative and more effective arrangements for the management of the local authority housing stock, especially in the most disadvantaged areas. A programme of physical renewal will be continued which will complement and engage with these management arrangements. These developments will be based on the recommendations of the Housing Management Advisory Committee, taking account of the experience of area partnerships in supporting tenant participation programmes and of the Urban Initiative.

### **Drugs**

4.47 The tackling of the drugs problem will be an urgent priority under this Partnership. This will reflect a vigorous approach to both the supply and demand dimensions of the problem. The integrated strategy of increased Garda and prison resources, improved inter-agency co-ordination and enhanced legal powers, announced by the Government in July 1996, will be fully implemented. With regard to reducing the demand for drugs, local Drugs Task Forces will be established and supported in each of the areas with the most severe drugs problem, in line with the recommendations of the Ministerial Task Force. A comprehensive range of measures will include: the elimination of waiting lists for treatment, the expansion of community-based treatment facilities, the development and expansion of rehabilitation and support programmes for those completing treatment programmes, linking to the labour market and jobs and a vigorous approach to prevention. The operation of the local Drugs Task Forces will be reviewed at the end of 1997, with a view to ensuring that appropriate structures and resourcing are in place to deal with the problem. The Ministerial Task Force will report early in 1997 on policy in relation to drug abuse, other than opiates, and appropriate arrangements will be put in place to implement these recommendations. The National Drugs Strategy Team will liaise with the Social Partners on the implementation of the strategy.

### **Rural Exclusion**

4.48 The problems of poverty and social exclusion have a distinct impact in a rural context being compounded by aspects of physical isolation and demographic dependence. This is recognised in the approach being taken to the adoption of the NAPS where one of the five key themes involves tackling poverty in rural areas. In the context of the NAPS, the issue of poverty in farming households will be examined, and the Government will identify, within the lifetime of the Partnership, if there are feasible measures to assist these households. The NAPS will be based on the principles set out in paragraph 4.11 including:

- ensuring equal access and participation for all; and
- the reduction of inequalities and in particular addressing the gender dimensions of poverty and unemployment.

4.49 The experience of area-based initiatives including LEADER in the areas of capacity building and community development will be reflected in the Strategy. The NAPS will take specific account of the needs of rural women, those engaged in small-scale and marginal farm enterprises, the elderly and those experiencing educational disadvantage.

4.50 Adequate access to a variety of public services is an important issue for communities living in rural areas. A Pilot Programme for the Delivery of Public Services in Rural Areas is currently underway. An interim evaluation of the Pilot Programme will be completed by mid-1997 and the lessons derived from this Pilot Programme will be reflected in the design and delivery of mainstream public services. A Western Development Commission will be established to address the particular developmental needs of the West of Ireland. The renewal of local government will provide a further support to the development of the rural economy and society. The approaches outlined for urban housing stock management and renewal, outlined in paragraph 4.46, will also apply to rural areas. In this regard, full account will be taken of the conclusions and recommendations of the NESC study of settlement patterns in the context of viable rural communities, and of the NESF report on rural development, both to be published in 1997, and of the report of the Combat Poverty Agency on rural poverty.

## CHAPTER 5

### ACTION TOWARDS A NEW FOCUS ON EQUALITY

#### Introduction

5.1 As part of the enhanced programme for social inclusion outlined in Chapter 4 and within the framework of the macroeconomic competitiveness and fiscal parameters of this document, it is an objective of this Partnership to develop a strategy which enhances equality and counters discrimination in both employment and non-employment areas. A framework will be developed to pursue in particular the full integration of women and of people with disabilities, and of members of the Traveller Community, into Irish society.

5.2 Key developments in this area are the Employment Equality and Equal Status legislation. The Employment Equality Bill was published in early 1996. The Equal Status Bill will be published early in 1997. It will address discrimination in non-employment areas and will extend the principle of non-discrimination on the grounds of gender, marital status, family status, sexual orientation, religion, age, disability, race and membership of the Traveller Community. The legislation will involve the establishment of an appropriate authority to progress the effective exercise of the rights and obligations arising there from. In the context of the NAPS, this will be complemented by the strengthening of administrative procedures for equality proofing, having regard to the recommendations of the NESF.

5.3 Consideration will be given to further targeted initiatives (building on models developed for women, people with a disability and Travellers) examining and addressing the difficulties of other groups experiencing discrimination.

#### Gender Equality

##### *Second Commission on the Status of Women*

5.4 The Second Progress Report of the Monitoring Committee on the Implementation of the Recommendations of the Second Commission on the Status of Women was published in 1996. The implementation of the Commission's recommendations, which have been accepted by the Government or by Ministers, will continue. Overall monitoring will continue to be carried out by the Committee established for that purpose by the Minister for Equality and Law Reform. The Committee will continue to report periodically.

##### *Training and Education*

5.5 Equity in access to labour market opportunities requires that women should not be penalised in the availability of employment supports, including training. Participation by women in mainstream vocational education, training and employment programmes will be reviewed with a view to increasing gender equity in access to such programmes and better job opportunities. A Working Group comprised of the Departments of Social Welfare, Enterprise and Employment, Education, and the Social Partners including the National Women's Council, the INOU and the Congress Centres for the Unemployed, will be established in the first year of this Partnership to examine the underlying issues and to make recommendations to the Government.

##### *Childcare*

5.6 Childcare is clearly an important issue in promoting equality for women, and especially in promoting equal opportunities in employment.

## DEPARTMENT OF THE TAOISEACH - PARTNERSHIP 2000

5.7 In order to develop a strategy which integrates the different strands of the current arrangements for the development and delivery of childcare and early educational services, an Expert Working Group involving the relevant interests chaired by the Department of Equality and Law Reform, will be established under this Partnership to devise a National Framework for the Development of the Childcare Sector. The Group will consider the conclusions of the Working Group on the Job Potential of Childcare, and the ESRI Survey of childcare arrangements currently being undertaken on behalf of the Commission on the Family, as well as the following specific issues:

- quantification of the job potential of the childcare sector;
- implementation of Part VII of the Child Care Act, 1991, which provides for the introduction of regulations governing safety and health standards in pre-school services and accompanying guidelines;
- the establishment of a national registration system for childcarers;
- the establishment of a nationally recognised system of certification and accreditation for childcare workers providing for an appropriate minimum qualification;
- subject to the evaluation of the current pilot project, the implications of the phased extension of the Early-Start Programme to all areas with continuing priority being given to areas of disadvantage; and
- the financing of childcare provision by a variety of means in the interest of affordable and accessible childcare.

5.8 The Revenue Commissioners will issue guidelines clarifying the criteria used to determine to what extent childcare facilities fall within the terms of the exemption from VAT for children's education.

### ***Family Friendly Policies***

5.9 In tandem with the development of a childcare strategy, the Government will seek to support the growth of family friendly policies in employment, in line with the recommendations contained in the policy document issued by the Employment Equality Agency in 1996, and having regard to competitive requirements. The expertise of the Employment Equality Agency in this regard will be utilised.

5.10 Legislation will be introduced by June 1998 to give effect to the terms of the EU Directive on Parental Leave. The Government will consult with the Social Partners in preparing the provisions for this legislation.

### ***Evaluation of Unpaid Work***

5.11 The development of statistical methods to evaluate the full extent of the contribution of unpaid work, mainly done by women and their contributions to the national economy, including their contribution in the unremunerated and domestic sectors, will be undertaken during the course of this Partnership. The CSO will undertake a pilot study based on a time-use survey during 1997 as the first stage of this process.

### ***Pay Differentials***

5.12 A follow up study to the ESRI Report No. 163 æ Male-Female Wage Differentials: Analysis and Policy Issues, will be undertaken during the course of this Partnership.

***Women's Health***

5.13 A plan for women's health will shortly be published with the following objectives:

- to maximise the health and social gain of Irish women;
- to create a women-friendly health service;
- to increase consultation and representation of women in the health services; and
- to enhance the contribution of the health services to promoting women's health in the developing world.

5.14 This plan reflects relevant policy initiatives in the health services, such as the Health Promotion Policy, the National Cancer Strategy and the National Alcohol Policy. Action will be taken at national level, where appropriate, and by Health Boards which will prepare regional plans for women's health, consistent with the national plan.

5.15 The Department of Health will work with Health Boards and women's organisations to pilot innovative approaches to informing women about health and health services and to disseminate good practice. Particular emphasis will be placed on the development of pilot workplace programmes by employers and trade unions.

5.16 National screening programmes for Breast Cancer and for Cervical Cancer will be developed.

5.17 A Women's Health Council will be established which will develop a centre of expertise on women's health issues, foster research into women's health, evaluate the success of the plan for women's health in meeting its objectives and advise the Minister for Health, on women's health issues generally.

5.18 A Working Group on Violence Against Women has been established recently by Government. The Working Group is chaired by the Minister of State at the Office of the Taoiseach and is preparing a national strategy on violence against women. The Group is drawn from relevant Government Departments and State Agencies and also includes individual experts and practitioners from relevant service delivery areas. The Group will examine existing services and supports for women who have been subjected to violence; examine legislation dealing with the victims and perpetrators of domestic violence; and make recommendations on how legislation, services and supports could be improved and made more effective. The Group is also examining the causes of violence against women and will make recommendations for a comprehensive preventative strategy as well as looking at rehabilitation programmes for the perpetrators of such crimes. The report of the Working Group will be submitted to Government by the end of February, 1997. The action to be taken at national, regional and local level will be considered in the light of the recommendations set out in the strategy.

**People with Disabilities**

5.19 The Report of the Commission on the Status of People with Disabilities was published in November, 1996. It sets down a Strategy for Equality for people with disabilities. Having regard to the recommendations and framework set down in the Commission's report, the following measures are agreed in the context of this Partnership.

***Institutional Issues***

5.20 Training and employment policy in respect of people with disabilities will be pursued as an integral part of the overall national strategy for employment growth. Regard will be had to the Recommendations of the Advisory Group on the Training of the Disabled when determining the institutional arrangements necessary to achieve this objective. In particular, consideration will be given to the allocation of the relevant functions between the Department of Enterprise and Employment and the Department of Health as part of the process of mainstreaming employment policy for people with disabilities.

***Public Service Employment***

5.21 While the Civil Service meets the 3 per cent employment target for people with disabilities, progress towards meeting the target is much slower in the broader Public Service. The 3 per cent target will be met in the broader Public Service during the period of this Partnership. To this end, the following measures will be undertaken:

- responsibility for meeting the target will be assigned to a senior executive in each Health Board, Local Authority, VEC and state sponsored body; and
- a co-ordinated strategy will be put in place including:
  - the preparation and active promotion of Codes of Practice on the Employment of People with Disabilities (similar to existing codes in the Civil Service and the ESB);
  - the maintenance of proper records of employment of people with disabilities, subject to the requirement of confidentiality and privacy; and
  - the identification of suitable employment opportunities, targets and specific timescales.

***Private Sector Employment Initiatives***

5.22 In order to promote the employment of people with disabilities in the Private Sector during the period of this Partnership, the following measures will be undertaken:

- the number of places under the NRB Employment Support Scheme will be restructured to provide a range of supports to employers to increase the numbers employed under the scheme up to 1,000;
- the review of the Pilot Programme for the Employment of People with Disabilities (PEP) will be completed and action will be taken on the conclusions;
- the provision for grant aid towards workplace/equipment adaptation will be increased;
- a promotional campaign in respect of the Positive to Disability Symbol and the above schemes and grants will be undertaken with the active support of the employer bodies; and
- a promotional campaign aimed at people with a disability to inform them of their rights and of relevant initiatives.

***Sheltered Employment***

5.23 An additional 500 sheltered employment places will be targeted over the period of the Partnership.

5.24 Employers, trade unions and the relevant Government Departments and agencies, in consultation with the organisations of people with disabilities, will draw up a Code of Practice on the employment of people within sheltered work provisions, which will provide for its monitoring.

***Training Initiatives***

5.25 1,000 training places will be reserved for people with disabilities on existing mainstream training courses.

***Transport***

5.26 Accessibility to public transport will remain a priority of Government transport policy. In this regard, new transport initiatives such as Luas and, to the greatest extent possible, new transport infrastructure, will be fully accessible to people with disabilities. In addition, the current mobility allowance will be reviewed.

***Services for People with Disabilities***

*People with a Mental Handicap*

5.27 Services to people with a mental handicap will be developed, within the overall resource parameters based on the needs identified by the National Intellectual Disability Database. The priorities will be:

- transfer of people inappropriately placed;
- the provision of appropriate residential places;
- funding of day care services;
- funding for respite care; and
- meeting the needs of an ageing population.

*People with Physical and Sensory Disabilities*

5.28 The Report of the Review Group on the Needs and Services for Persons with Physical and Sensory Disabilities will be published early in 1997.

5.29 Resources will be allocated, within the overall expenditure parameters for the development of services to persons with disabilities in line with the Report of the Review Group. The priorities will be:

- the development of personal assistant services;
- the provision of residential places;
- funding of day care services for persons with severe disabilities;
- funding for respite care; and
- the development of nursing/paramedical/therapy services.

## **Travellers**

### ***Participation***

5.30 In the context of this Partnership, the principle that the Traveller Community should be represented through its organisations in relation to health, education, accommodation and anti-discrimination policy making and implementation is fully supported.

### ***Employment Equality and Equal Status***

5.31 The Employment Equality Bill published in 1996 extended the principles underlying the original employment legislation to cover distinct discriminatory grounds, including membership of the Traveller Community. The Equal Status legislation will also encompass Travellers.

### ***Task Force on the Travelling Community***

5.32 The Government strategy in response to the report of the Task Force on the Travelling Community, will continue to be implemented and will be monitored, with a view to effecting a real advance in the living circumstances of members of the Traveller Community, as well as improving relations between the settled and Traveller Communities, and a new status for the culture and identity of the Traveller Community.

### ***Accommodation***

5.33 Under the national accommodation strategy announced by the Government, local programmes will be drawn up and adopted by Local Authorities to put in place a national programme to provide the 3,100 units of accommodation for travellers recommended by the Task Force on the Travelling Community. Implementation of the national programme will make significant progress during this Partnership.

### ***Education***

5.34 A special Committee within the Department of Education will develop, in partnership with representatives of the Traveller Community, a national policy framework for Traveller education in line with the Task Force Report and co-ordinate its implementation.

### ***Health***

5.35 The Department of Health will finalise the Travellers' Health Policy Statement and establish the Travellers' Health Advisory Committee in the first year of this Partnership.

***Employment***

5.36 Action will be taken to endorse labour force participation by the Traveller Community and the viability of the Traveller economy on foot of the recommendations of the Task Force and in the context of the National Anti-Poverty Strategy.

**CHAPTER 6**

**ACTION TO PROMOTE ENTERPRISE AND JOB CREATION**

**Introduction**

6.1 The growth and development of enterprise in Irish firms, including the large number of small firms in particular, and the increase or maintenance of employment in them has been stated by Forfas, the NESF and the NESF to require:

· recognition that the competitiveness of the Irish economy is a pre-condition for the pursuit of all other economic and social goals, in particular that of employment;

- continuous innovation in terms of technology and of its application within firms;
- high-skilled workers and life-long learning in all work roles;
- specific, focused sectoral strategies in the key developmental areas and in modern infrastructural support areas;
- the promotion of enterprise and new business formation; and
- the promotion of exports.

**Competitiveness**

6.2 The key to the convergence of living standards in Ireland with the EU average and improvement in social cohesion is the sustaining and improving of national economic competitiveness through:

- an enterprise environment, including infrastructure and services, which will facilitate and support competitiveness;
- improved competitiveness in individual enterprises; and
- greater social solidarity.

**Enterprise Culture**

6.3 Given the importance of fostering an enterprise culture, the Government will consider actions to promote enterprise as a part of the curricula of schools and youth programmes. The Department of Education in consultation with the Department of Enterprise and Employment, the Social Partners and the Small Business and Services Forum will progress this issue over the course of the Partnership. The enterprise environment is profoundly impacted upon by the national competitiveness environment. A dynamic process is now required which will:

- develop and agree a pro-competitiveness agenda; and
- determine a mechanism to monitor the implementation of that agenda and a benchmarking mechanism to measure competitiveness on an ongoing basis.

6.4 The Government will, therefore, establish a Competitiveness Review Mechanism. The precise structure of the Review Mechanism will be determined in consultation with the Social Partners.

## **Continuous Innovation**

### ***Science and Technology, Research and Innovation Development***

6.5 The imperative challenge is for Irish-based companies, including those in the more traditional sectors, to compete on the innovative quality of their products, through expanded utilisation and application of research and technology.

6.6 The key actions to be implemented, as identified in the recent White Paper on Science, Technology and Innovation, are:

- a planning process for investment in science and technology;
- a substantial increase in business spending on R&D and technical innovation;
- a higher profile for technology transfer;
- better adaptation and translation of the S&T education system, particularly third level research, to meet current and future competitiveness needs;
- improvement in the capability of firms which currently have little or no technological competence; and
- the establishment of a permanent STI Council.

6.7 Immediate consideration, in consultation with the Social Partners, will be given to the extent to which progress can be achieved in 1997 and beyond.

### **High Level Skills and Life Long Learning**

6.8 Firms must have regard to increasing evidence that a partnership approach between management and employee's/trade unions is of key importance in managing change effectively and developing and maintaining an effective human resource development and training strategy which helps to achieve long-term competitive advantage. Mechanisms need to be developed to ensure a business-led process in the development and implementation of training policy, aimed at upgrading skill levels in business. Such processes must also accommodate employee representatives.

6.9 There is a need to ensure, in the modern workplace, where change is endemic and the need for new skill acquisition is ongoing, that there is a commitment on the part of all involved to life long learning. Individuals will need to develop a personal portfolio of skills that are continuously upgraded to ensure their employability over a working life-time.

6.10 Greater emphasis will be given to equipping the unemployed and early school leavers with skills that are in demand now and likely to be in demand in the future in the labour market. A more holistic approach based on intensive counselling and guidance and the development of individual pathways of progression is required. Development of targeted unemployment measures is dealt with in Chapter 4, Social Inclusion. Gender equality considerations, dealt with specifically in Chapter 5, will continue to be a key employment policy objective, so that women can better integrate into and participate at all levels in the labour market.

6.11 Actions to improve the level and quality of enterprise, education, competences and training will include:

- developing new approaches to enterprise training with business taking a lead in this priority area of investment. A business-led programme, with strong business, trade union and education/training sector inputs will be required. Training Networks of groups of firms, sectors and business associations will be supported to prepare training plans related to competitiveness needs;
- increased recognition of the central role of education, training in upgrading of firms' capability. Training must now be integrated fully into all companies' programmes for development and capability enhancement, and into business plans and applications for all forms of State support;
- promoting a commitment to life long learning because of the need for continuous upgrading and skill enhancement for individuals in work since it is estimated that in ten years time, 80 per cent of the technology now in use in Europe will have changed, but 80 per cent of that workforce are already part of today's workforce. Arrangements must be put in place to achieve the commitment of employers, trade unions and Government to measures that give effect to the acceptance of the need for life long learning, including support to individuals to invest in their own training;
- national traineeship, certification and quality awareness. It is proposed to introduce a National Traineeship Programme and Certification, with on-and-off the job structured training. An authorised system of certification under TEASTAS is required to ensure that training bodies have effective quality awareness procedures; and
- the National Apprenticeship Advisory Committee will continue to monitor and review the effectiveness and the efficiency of the existing apprenticeship system.

### ***Atypical Workers***

6.12 Ireland, like most other European countries, is experiencing growth in various forms of atypical work, including part-time, temporary and contract work. The legal, social and institutional frameworks of the labour market were built around the concept of permanent, full-time work. Progress has been made in adapting these institutional arrangements. The ICTU have sought that during the course of this agreement:

- existing employment legislation will be reviewed in the light of the growth in atypical employment;
- the application of social protection to atypical employment will be reviewed; and
- the impact of the tax structure on atypical workers will be examined.

6.13 IBEC has stressed the need for continued flexibility to ensure ongoing growth in this form of employment.

6.14 Some categories of atypical worker are covered by Joint Labour Committees. During this Partnership a renewed information campaign will be undertaken regarding minimum rates of pay for the relevant sectors, while enforcement procedures will be reviewed and up-dated. The operation and effectiveness of the Joint Labour Committees will be reviewed.

***The Information Society***

6.15 The information society presents us with new and exciting potential to improve our knowledge and skills on a life long basis. It has huge potential for improved competitiveness, wealth creation and a higher standard of living. It is recognised that the information society is presenting new and lucrative business opportunities.

6.16 A Steering Committee is in the course of completing its report on a National Information Society Strategy and Action Plan. The recommendations in this report will provide a basis for the formulation of actions to maximise the economic benefits of the information society and the utilisation of information and communications technology to sustain and improve the competitiveness of Irish-based enterprise. Particular regard will be had to recommendations concerning:

- infrastructure;
- learning and the education system;
- provision of Government services; and
- use of new technologies by enterprise.

6.17 The Social Partners will be invited to play a full role in the formulation of the general measures to be taken in response to the National Information Strategy.

**SECTORAL INITIATIVES AND INFRASTRUCTURE**

***Industrial and Trade Policy***

6.18 A significant framework exists. Particular attention should, in the global context, focus on:

- funding for indigenous industry must be competitive with that offered not only to multi-national companies but in other countries e.g. UK, Northern Ireland;
- investment in infrastructural support for overseas industry including telecommunications, energy and transport to satisfy needs of existing and incoming investors;
- a statement of National Trade Policy;
- the dependency of the food, clothing, textile and engineering sectors on the UK market and the need for export diversification in those areas; and
- a review of the effectiveness of trade promotion including the issue of private sector participation.

***Services Strategy***

6.19 Development of the significant employment potential of the Services Sector, of which small business and tourism form such a major part, is a key objective at the heart of the Services Strategy Paper which will be published shortly. The initiatives envisaged by the Strategy will be directed towards integrating actions for Services into mainstream business development policy, recognising the importance of effective and efficient service inputs throughout all sectors of the economy.

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6.20 ABT will implement its new strategy in relation to services exports, under which services firms will be treated in the same way as manufacturers for the purposes of ABT supports. The strategy aims to more than double indigenous services exports over the next 5 years. The other key feature of the strategy is to bring many more firms, who are currently trading on the domestic market only, into exporting. To deliver these changes, ABT will prioritise its annual budget towards services.

### ***Environment (Protection, Licensing and Planning)***

6.21 An effective physical planning system is essential for sustainable job creation and enterprise. Changes to improve the efficiency of the system have been made and further consideration will be given to streamlining the system in order to minimise delays and uncertainties which can discourage enterprise and investment and reduce the competitiveness of business, especially small enterprises. Accelerated procedures will also be introduced for major projects involving significant employment and added value.

6.22 The Integrated Pollution Control (IPC) licensing system operated by the Environmental Protection Agency (EPA) is a modern approach to the licensing of environmentally significant activities. In terms of both environmental protection and operational efficiency, integrated licensing is widely recognised as a major improvement on multi-media licensing which it replaces. The system is supported by industry but environmental costs are critical for competitiveness and have to be balanced by reasonable achievable standards. Consideration will be given to the publication of a White Paper on the Environment.

6.23 Opportunities for enterprise can emerge from the development of a healthy, clean environment supported by an appropriate regulatory system. The Government will act on the imminent Report of the Advisory Group on Industry and the Environment in consultation with the Social Partners.

### ***Competition Policy and Regulatory Reform***

6.24 The object of competition policy is the achievement of healthy, positive competition and the elimination of anti-competitive practices. Fair competition will support the development of high standards in business which can be a competitive advantage. The Competition Authority will implement and rigorously enforce competition policy.

6.25 During the life of the Partnership, a regulatory framework will be put in place to ensure, in the increasingly open markets, that the transport, energy and communications sectors operate on a fair and transparent basis. This will benefit both consumer and supplier including those carrying universal service obligations.

6.26 A national strategy will be developed to improve the quality of regulation and reduce the administrative burden. This will form an important part of the functions of the Competitiveness Review Mechanism (Section 5.4) and will be supported by appropriate actions under the Strategic Management Initiative in the Public Service. Particular regard will be had to the needs of small business. A detailed action plan will be developed and implemented in the course of this partnership.

6.27 A number of key issues dealt with in this and other Chapters are of concern to most sectors and are trans-sectoral:

- sterling exposure;
- training;
- corporation tax post 2005/2010;
- skills shortage; and
- improved linkages between indigenous and multi-national companies.

What follows are sector specific initiatives.

### ***Tourism***

6.28 The rapidly growing tourism sector is one of Ireland's largest industries. It benefits all sections of the economy and contributes to regional income. A major new initiative in the tourism sector is the development of a new 'Brand Ireland'. This concept was developed by Bord F-ilte, in co-operation with the tourism industry and the Northern Ireland Tourist Board. It is intended that Bord F-ilte and the tourism industry will jointly promote this Brand in all marketing activities.

6.29 Over the lifetime of the Partnership, a total investment of some £560 million is expected in the tourism sector. By the end of 1999, it is aimed to have foreign exchange earnings of £2,250 million from tourism. The potential of tourism for job creation is enhanced by the labour intensive nature of the industry and the fact that it has a low import content. It is aimed to have 120,000 full-time job equivalents in the sector by the end of 1999. As stated in the NESC Report (No. 98), there is a need to strengthen measures to promote tourism and develop a strategy for the industry beyond the year 2000.

6.30 A number of commitments in this Partnership such as those relating to VAT on labour intensive services (3.20), minimising access costs (6.44) and investment in training (6.11) are of particular relevance to the tourism sector.

### ***Construction***

6.31 A Strategic Review of the Construction Industry is underway to ensure that the industry is well equipped to meet the challenges, both at home and abroad, into the next century. While a core objective is to ensure optimum competitiveness and efficiency in building, the remit of the Strategic Review Committee extends to a wide range of other strategic issues. The Government and Social Partners look forward to the report of the Strategic Review Committee, due early in 1997, which is expected to set a framework for the development of the industry in the medium term. Progress reports on the implementation of the Committee's recommendations will be made to the Social Partners over the life of the Partnership.

6.32 It remains Government policy to use accepted GDLA contract conditions at tendering stage and for construction. Best industry procedures and established good practice will continue to be observed. The relevant Social Partners will be fully consulted on any amendments to the accepted contract conditions and established industry good practice.

6.33 The Government supports public/private partnership in construction, in principle, and is awaiting the relevant recommendations of the Strategic Review Committee. A detailed assessment of the scope of private financing mechanisms for public infrastructure and the methodology of identification of suitable projects will be undertaken early in the life of the new Partnership. The Government is also committed to pursuing key infrastructural projects which are eligible for funding under the current Community Support Framework. Further economic growth is dependent on proper identification and prioritisation of investment needs and the Government undertakes to review those needs on a strategic basis during the Partnership.

6.34 Measures to combat the black economy in the construction industry which were developed under previous Programmes will be continued. In particular, the Government and Social Partners acknowledge the contribution which the employers and unions in the industry have made in this regard through the Construction Industry Monitoring Agency. A review of the Agency is to be undertaken which should further improve its effectiveness.

### ***Commercial State Sponsored Bodies***

6.35 The commercial State companies have made a major input into Ireland's economic and social development over many years. The Government intends that the commercial State companies, as major contributors to national competitiveness, will become more competitive by international benchmarks during the lifetime of this Partnership. This is critical not only for the continued existence of these companies, but for continued national economic and social progress.

6.36 In addition to becoming more competitive, the commercial State companies will be expected to provide an even higher quality of customer service and to provide these services at internationally competitive prices. They will be expected to comply with a Code of Practice æ The Delivery of Services to Customers in Commercial State Companies æ which will be published in 1997. The Code will deal with such areas as quality of service, consultation, information for the customers, choice and complaint procedures.

### ***Financial Services***

6.37 1997 marks the 10th anniversary of the decision to establish the International Financial Services Centre (IFSC). In that time the Centre has become firmly established as a recognised base for the development of financial services. A report examining the IFSC and the scope for its further development is being prepared with a view to advising the Government on the next steps to be taken in supporting the development of the Centre into the next century.

### ***Film***

6.38 The key challenge in this sector is to establish a mechanism to sell Ireland abroad as a location for making films, ensuring the effective promotion of all available incentives. Strategies to meet this challenge will be evaluated by the Government.

### ***Music***

6.39 The key challenge in the music area is to build on a very rich and creative vein of activity which already exists in the economy and which has achieved a high international profile. The Government will examine the Report of the Special Task Force on the Music Industry in conjunction with the Social Partners with a view to maximising the job potential of the Sector.

### ***The Marine Sector***

6.40 There is growing recognition of the economic and employment potential of Ireland's marine resources and marine industries. A general review of marine policy is underway and will result in a framework strategy for the integrated development of the marine sector, to be published in the first half of 1997.

6.41 The fundamental objective in relation to the fisheries sectors (sea fisheries, aquaculture and inland fisheries) and related industries is to maximise their contribution to the national economy in line with the principles of sustainability and renewability.

6.42 The Government will continue to pursue, in the context of the ongoing evolution of the Common Fisheries Policy, the case for a significant increase in Ireland's allocation of fish stocks. Increased opportunities for Irish fishermen, in new fisheries and third country waters, will be pursued vigorously. Development of the aquaculture industry will be supported by the enactment in 1997 of a new legislative framework for licensing and regulation. The economic importance of wild salmon will be safeguarded by a programme of action, based on the report of the Salmon Management Task Force, to arrest and reverse stock decline.

### ***Transport and Logistics***

6.43 The Government will continue to focus on the development of a more efficient, competitive, safe, environmentally friendly and customer oriented transport system, taking full account of the impact which EU decisions will have on economic and social cohesion and on the creation of sustainable employment.

6.44 Given our peripheral island location, our dependence on trade and the importance to the economy of tourism development, access transport policy will focus on ensuring competitive transport costs and providing adequate capacity. Inland transport policy will aim to improve the reliability of the transport system by removing bottlenecks, remedying capacity deficiencies and reducing journey times.

6.45 Actions to achieve the above objectives will include:

- the development of competitively priced and high quality transport services through investment in transport infrastructure and facilities and the promotion of competition, where appropriate; and
- heightening the awareness in Irish firms of the competitive importance of logistics including education and training in logistics and increased use of information technology.

### ***Surface Transport***

6.46 The priority for road development is to focus development on the four strategic road corridors linking the principle population/economic centres, ports and airports. The overall target is to accelerate the completion of the national primary road network and to provide an inter-urban travel speed on completion of 80kph. The Government will continue to promote investment in the mainline rail network, focusing on the key rail corridors. The aim will be to upgrade the track and signalling and to improve the quality of rolling stock on the network, with a view to improving the quality and reliability of services. Continuing priority will be given to implementing the public transport recommendations of the Dublin Transportation Initiative. A review of Local Authority training including rural roads will be carried out under the Strategic Management Initiative.

***Water Transport***

6.47 The Government will aim to reduce port and shipping costs to users over the period to end-2000 by a cumulative minimum of 15 per cent in real terms and facilitate throughput increases in bulk trade as compared with the 1993 level. It is also planned to review the strategic options for the future development and management of declining commercial regional ports. A review of training for Irish seafarers is underway.

## CHAPTER 7

### ACTION ON SMALL BUSINESS

7.1 Small business is a key constituent of economic growth in this country. The challenges presented in strengthening this sector will be confronted to ensure that its contribution to employment and wealth generation is developed to the fullest possible extent.

#### ***Awareness Programme***

7.2 An awareness programme will be implemented to highlight the importance of small business to the economy.

7.3 The Enterprise Link Service will be extended beyond its present telephone only service level.

#### ***Access to Finance***

7.4 The success of the Small Business Expansion Loan Scheme and the Access to Finance Scheme will be examined and the scope identified for introducing new finance and support schemes for start-ups and expanding firms, including agricultural enterprises and micro business.

#### ***Self Employed***

7.5 The parties to the Partnership recognise the significant contribution to employment growth of long-term unemployed people setting up in self-employment through the Back to Work Allowance. Measures will be considered, during this Partnership, to retain and build on this potential.

#### ***Administrative Simplification***

7.6 A national strategy will be introduced, in line with the SMI, to ease the administrative burden. The strategy will include:

- the establishment of a central control unit to oversee implementation of the strategy;
- introduction of Codes of Practice by Government Departments to alleviate the compliance burden;
- all proposals for legislation will be assessed to minimise any compliance burden being created for small business;
- streamlining the physical planning system (6.19);
- removal of the statutory audit requirement on private limited companies and co-operatives with an annual turnover of less than £100,000; and
- the establishment of a consultative fora involving the Revenue Commissioners, Department of Social Welfare, the CSO and relevant Departments and agencies to work with small business representatives to eliminate duplication and unnecessary reporting requirements.

#### ***Prompt Payment***

7.7 In recognition of the importance of cash-flow to small business, prompt payment legislation, requiring public sector bodies to settle their accounts in a timely manner, will be enacted in 1997. This legislation will include an automatic entitlement to interest for suppliers where accounts are not paid on time.

### ***Insurance Costs***

7.8 Following the publication of the report, Economic Evaluation of Insurance Costs in Ireland, the Government established a Special Working Group to progress the establishment of a Personal Injury Tribunal. The Government will move swiftly on the Group's recommendations in consultation with the Social Partners and other interested organisations.

### ***Small Business Support***

7.9 The Government is committed to helping small firms access private and public markets in Ireland, in the EU and in other international markets. Under Measure 2 of the Small Business Operational Programme, by way of encouraging additional small firms into the public procurement sector, a range of initiatives will be implemented which will help small business to identify new supply and service opportunities and will assist in improving the professionalism and expertise of public purchasers.

### ***Training for Small Enterprises***

7.10 It is recognised that small business has special needs in the training area. Proposed actions in areas such as certification for training (6.8) will be of particular relevance to small business. The Training Support Scheme (TSS) will have greater targeting for smaller companies including those seeking to enter overseas markets. There will be greater emphasis and support by the County Enterprise Boards (e.g. PLATO) in the meeting of the training needs of small/micro firms.

### ***Business Taxes***

7.11 Chapter 3 of this document which deals with taxation will improve the environment for business and reward entrepreneurs for risk-taking. The taxation measures will be particularly beneficial for small business, and build on the Recommendations of the Task Force on Small Business.

### ***Networking***

7.12 To counter the obstacles to the growth of Irish-based companies caused by the small size of many of these companies, an action programme based on the NESC report; Networking for Competitive Advantage, will be developed by Government to promote the benefits from inter-firm co-operation. The programme would encourage firms to co-operate in activities which would be outside their scope individually and to come together to develop joint solutions to common technological problems. Action in the areas of purchasing, product development, marketing, training, R&D, technology and linkages have been suggested. The Government will establish a steering group, under the aegis of the Department of Enterprise and Employment, to include Social Partners and agency representation, to design and oversee the implementation of a pilot networking programme in selected sectors and regions. The group will draw on the work in the NESC report and on the experience of State Agencies and business associations in this regard.

### ***Representation***

7.13 Small business representatives will participate in the Competitiveness Review Mechanism (6.4) with a particular emphasis on the promotion of an enterprise culture for small business.

## CHAPTER 8

### ACTION TO DEVELOP AGRICULTURE FOOD AND FORESTRY

#### Introduction

8.1 Agriculture, food and forestry account for direct employment of 174,000, or 13.5 per cent of the workforce, 14 per cent of Gross Domestic Product and over a third of net foreign earnings from trade. Farming and related industries are the bedrock of many rural communities.

8.2 It is the objective of the Government to develop these sectors in a manner that will maximise their contribution to the economy and to sustained employment, while protecting the environment and promoting rural development. This will be underpinned by a continuing emphasis on food safety, food quality and animal health and welfare to ensure that consumer confidence in Irish food is maintained.

8.3 The agri-food sector will face special challenges in the coming years due to further reforms of the EU Common Agricultural Policy (CAP) and another round of world trade negotiations. To meet these challenges the Government and Social Partners recognise that improvements in competitiveness will be vital and the Government is committed to maintaining a macroeconomic environment which is conducive to structural change, necessary capital investment and production efficiency.

#### International Context

8.4 The European Commission have indicated that a further extension and deepening of the 1992 CAP reforms may be the way forward in preparation for the enlargement of the EU to include Central and Eastern European Countries (CEECs). Pressure for change in the CAP is likely to arise from the next round of world trade negotiations which are due to begin in 1999. The Government are committed to ensuring that any change to EU policy is achieved in a manner which protects the legitimate interests of Ireland's farming and rural communities and the food industry.

8.5 Recognising the importance of agriculture and food to the national economy, the Government will seek to ensure that:

- any reductions in agricultural prices will be compensated through direct income support payments;
- any change in supports and protection will be gradual, phased and compensated;
- the principle of common financing of the CAP is fully respected;
- there is agreement, in advance of enlargement, that the EU financial resources necessary for the continued implementation of Union policies in the existing Member States, as well as in the new Member States, will be provided;
- quotas and similar production rights will be protected, so as to ensure that national production capacity is not reduced;
- an adequate level of community preference is preserved;
- the competitive position of the Irish food industry on international markets will not be endangered;
- due recognition will be given to the important role of farmers in protecting the environment;

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- the need for increased emphasis on, and commitment to, rural development is acknowledged;
- countries applying to join the EU accept Union policies as they have evolved to date. Derogations will be required but will have to be temporary; and
- the transitional periods for the CEECs take account of the degree of difficulty in the implementation by each applicant of Union policies, on the one hand, and possible absorption difficulties which the Union may have on the other hand.

8.6 Reforms of important sectors of the CAP have been initiated to prepare for the long-term changes indicated above, and in response to the BSE crisis. As part of the reform, the Commission is to come forward with fuller proposals for a more fundamental reform of the beef regime by April 1997.

8.7 The Government approach to the reform of the beef sector will be determined by the need to protect the income of beef producers, and the contribution of the beef sector to the national economy. Particular emphasis will be placed on ensuring that Ireland's export opportunities are maintained, and that our ability to share in developing or new export markets is enhanced.

8.8 The Government will also seek full compensation for any price reductions consequential to the reform and will aim to ensure that any changes in the premium system will continue to favour extensive production and that the present structure of the beef support arrangements is maintained.

8.9 The Commission has indicated that it will come forward with ideas and options for the reform of the milk regime in 1997. Under existing legislation milk quotas will continue until at least 2000. At this stage, the position is that the existing support system has, on balance, worked reasonably well, and there is no need for dramatic change to the regime in the short-term. In regard to the longer term, the Government is pressing the EU for an early analysis of the issues and thereafter to bring forward its proposals in regard to the future of the milk regime at the earliest possible date. It recognises that it is important that every opportunity should be given to producers, and the industry generally, to plan for the post 2000 scenario. The guiding principles of the Government approach will be to protect the role of milk production in the context of farm income and rural development, to ensure that the maximum national benefit is derived from milk production and that due recognition is given to Ireland's export dependence.

8.10 In relation to cereals, the Minister for Agriculture, Food and Forestry shall establish a producers' register based on three year average production of individual producers. The Minister for Agriculture, Food and Forestry shall seek changes in the relevant EU Regulations to target penalties, in the event of a base area overshoot, at individual producers deemed to be responsible for the overshoot.

8.11 The Government will also seek to protect the income position of sheep producers and to ensure that the Irish sheep industry has the ability to realise its export potential and to minimise the threat from imports from outside the Union. The Government supports the application of an extensification premium in the sheepmeat sector and will negotiate with the European Commission for its introduction.

## **Food Industry**

8.12 The Government, with EU support, is committed to an investment programme of £641 million for the period 1994-1999, as part of the Food Sub-Programme of the Operational Programme for Industrial Development. Some £283 million will be provided from National and EU funds, while the remainder will be invested by industry. Support will be available for capital investment, including restructuring, research and development, marketing and promotion, and human resources.

8.13 The evaluation of the Food Sub-Programme will form the basis of the Mid-Term Review, to be carried out in 1997, which will determine any revisions to the Sub-Programme considered necessary to support the overall objectives of the food industry. The Government will bear in mind the important linkage between the industry and the primary production sector, and the need to ensure the maintenance of the highest possible health and safety standards at all stages of the food chain.

8.14 The Food Safety Board will be established under new primary legislation to be introduced in early 1997 which will, inter alia, provide for the independence of the Board in every respect. In the performance of its functions the Board will have extensive powers which will enable it to exercise a critical role in guaranteeing the safety of Irish food for consumers. The Board's primary function will be to monitor and assess the effectiveness of the controls and procedures in place to ensure compliance by the food industry with best international standards and practice in food safety and hygiene. It will have a supervisory role in relation to the inspection functions of Departments and Agencies, who will be legally obliged to comply with the findings of the Board based on regular performance audits. The Board will have a complement of staff that reflects the range of expertise and scientific disciplines in its area of competence.

8.15 The Government are committed to developing, in consultation with interested parties, a National Beef Assurance Scheme during 1997 and its full implementation by the Spring of 1998. The goals and objectives of the scheme will be to:

- reinforce consumer confidence by providing more information and assurance;
- provide a fully comprehensive animal identification system;
- raise standards of production and processing; and
- enhance export performance.

8.16 This scheme will comprise the following elements:

- computerised animal monitoring system;
- farm protocols;
- factory protocols; and
- labelling provisions.

8.17 The Government will commence work on these arrangements from the beginning of 1997, and substantial initial funding of £4 million is provided in the 1997 Estimates for this purpose. The Government will finalise the arrangements in close consultation with the parties involved. It is envisaged that, while the Department of Agriculture, Food and Forestry will play a role in overseeing the scheme, producers, processors and livestock marts will have a central role in the operation of the arrangements.

8.18 The Government will seek and support initiatives at EU level, in the area of beef labelling and promotion, that are consistent with consumer requirements, that allow the Irish industry to exploit its natural advantage and which guard against misleading representations.

8.19 The Government will amend the Industrial and Provident Societies legislation early in the period of the Partnership with a view to facilitating structural change in the food industry.

8.20 Initiatives will be examined as appropriate, to address the impact of the BSE crisis on the structure of the beef processing industry and on the marketing possibilities open to it .

8.21 Measures will be taken to minimise delays in processing export refunds.

***Agriculture: Measures Promoting Structural Change***

8.22 The series of measures under the Operational Programme for Agriculture, Rural Development and Forestry (OPARDF), the Accompanying Measures to CAP reform and incentives under the taxation system are improving farm structures and the age profile of farmers by encouraging land transfer to younger farmers.

8.23 Uptake of the Early Retirement Scheme has been high. Nearly 5,500 farmers will have participated in the scheme by end-1996, involving total expenditure of nearly £80 million and a transfer of over 165,000 hectares to younger farmers. Target participation under the scheme was 7,000 over the five year period 1994-99, at a cost of £210 million. In discussion with the European Commission, the Government will be seeking to have the scheme continued and improved during 1997 æ for example, by a more flexible approach on the requirement to enlarge holdings.

8.24 There has been a significant increase in the number of young farmers being paid Installation Aid during the past two years. There will be consultation with the farm organisations in relation to the scheme early in 1997, when an evaluation of the scheme has been completed, with a view to deciding on the priority to be attached to the Scheme in the event of funding becoming available in the Mid-Term Review of Structural Funds.

8.25 A total of 189 projects are being funded under the first tranche of funds on agri-tourism, representing a grant commitment of some £4 million on a total investment of £10 million. A second tranche of funds will be released shortly.

8.26 All of the milk quota schemes give priority to smaller, more vulnerable, producers in the allocation of additional quota. In view of the increasing demand for quota it will be necessary, over the coming years, to target more accurately the priority categories of producers under the schemes. It is also desirable that prices for temporary leased and restructured quota should fall, and milk quota policy should seek to encourage that trend. These issues will be addressed within the context of the Quota Review Group deliberations. The Government will continue to pursue options, including changes in the EU Regulations, which would facilitate the long-term leasing of quota without land.

8.27 Any request for changes to the conditions for re-allocating suckler cow or ewe premium reserve will be considered by the Review Group set up under the PCW which will be continued under this Partnership. The Minister for Agriculture, Food and Forestry undertakes to raise as a priority with the Commission the question of raising the limit for small scale milk producers, in order to enhance the viability of farms with a combination of dairy and suckler cows, without disadvantaging specialist suckler producers.

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8.28 Compensatory headage allowances under the OPARDF are specifically targeted at disadvantaged areas and are both income support mechanisms and an assistance to investment and structural change. The scheme operates in a broadly progressive manner, with payments accounting for a major part of income among low income farmers. For that reason, the Government will be maintaining the current level of OPARDF resources allocated to the scheme.

8.29 The Government has put proposals to the Commission arising from an independent evaluation of the scheme and, in the interests of equity and the need to concentrate a greater proportion of total funds in the reclassified and least developed areas, these proposals involved, inter alia, adjustments in the overall payment limits.

8.30 These proposals will not now be introduced until 1998, with the consequential costs in 1997 being borne by the Exchequer. The Government will enter into negotiations with the farm organisations in 1997 with a view to reaching agreement on equitable alternatives within the current level of OPARDF resources.

8.31 In the context of structural reform, consideration will be given to extending for a further limited period the stamp duty relief for transfers of agricultural land and buildings to young trained farmers.

8.32 The case for continuing the 25 per cent stock relief scheme beyond 5 April, 1997, and stock relief for young trained farmers will be considered.

### ***Agriculture: Animal Health and Dairy Hygiene***

8.33 The Government recognise the importance of maintaining a high animal health status in retaining consumer and customer confidence in livestock products. To this end, Ireland will seek to maintain and improve its high animal health status and, in addition, will adopt measures to promote food safety; a central element of the latter will be the introduction of measures to provide for effective traceability of cattle.

8.34 The Government will operate the agreed programmes for the eradication of TB and Brucellosis. It is agreed that, for the period 1996-1999, disease levies will be fixed on the basis that they will contribute £10 million per annum or 50 per cent of the cost of compensation in this period, whichever is the greater. In setting the rates of levies for the period thereafter account will be taken, inter alia, of the total levies received in the preceding four years, and the share which they represented of total compensation paid, if this share exceeded 50 per cent of the compensation paid.

8.35 The Government will vigorously pursue the securing of EU funding for the TB and Brucellosis Eradication Programmes. Such funding received in excess of that provided for in the 1997 Estimates will be used to improve the Schemes, and/or to reduce the costs equally to both the Exchequer and farmers. In this regard, for 1997, the Government will meet the costs of the supply of tags to farmers under the cattle tagging scheme and of calf registrations in return for the farm organisations agreeing to forego seeking credit for an equivalent amount in respect of EU funding to be received for the Brucellosis and TB schemes.

8.36 The arrangements for payment for tags/registrations thereafter will be negotiated with the farm organisations in the context of the amount of other EU receipts for the eradication schemes. The arrangements for the foregoing will be negotiated in the Animal Health Forum.

8.37 The new Hardship Grant Scheme was introduced from 1 November, 1996, and will operate in the period November to April each year. The scheme will be subject to review in the light of budgetary, operational and other considerations in discussions with the farming organisations at the Forum Compensation Sub-Group.

8.38 A computerised animal monitoring system will be developed during 1997, with full implementation by Spring 1998, taking account of market and consumer requirements and in the context of meeting the requirements of the proposed EU Council regulation for the identification and registration of cattle. All aspects of the system will be considered with the farm organisations.

8.39 It is the intention of the Government to re-introduce, as a priority (together with the Control of Farm Pollution Scheme), the capital grants scheme for the improvement of dairy hygiene standards, in a form to be discussed with the farm organisations, which will more specifically target hygiene issues, if additional funds become available at the Mid-Term Review.

8.40 The Government will request licenced compounders to declare in descending order the ingredient content of animal feed marketed in Ireland and, if necessary, will seek changes in EU legislation to bring this about.

***Agriculture: Training, Advice and Research***

8.41 The provision of training, advisory and research services in agriculture and horticulture is the statutory function of Teagasc which is implementing a Corporate Plan (1994-1999) and is delivering an approved programme of work under the OPARDF.

8.42 The Mid-Term Review of the OPARDF will include a review of Teagasc's activities. Teagasc will also establish structures for consultation with relevant interests at local level.

8.43 A comprehensive and independent review of the existing training system will take place in 1997, and all relevant organisations will be consulted.

8.44 In the meantime a number of initiatives are being taken by Teagasc to improve existing arrangements for education and training:

- the Certificate in Farming has been strengthened with the introduction of a new modular programme and a new assessment system. A review of the Certificate will examine the feasibility of having it linked to higher qualifications;
- increased resources are being devoted to rural development and adult training, and efforts are also being made to meet the growing demand for night-time courses within resource limitations; and
- efforts will be intensified to encourage greater participation by women in all courses and to provide appropriate courses especially for women.

8.45 In order to achieve more effective and efficient delivery of its advisory programme, Teagasc has restructured its services. An independent review of the advisory programme, including the issue of charges for services, will be undertaken in 1997, and relevant organisations will be consulted. Pending the outcome of that review, the charges for the Farm Viability Service will remain unchanged in 1997.

8.46 The objectives of Teagasc's research programme, which accounts for almost 50 per cent of Teagasc's budget on a total-cost basis, are specified in their current programme for the period up to the end-1999. The programme is subject to ongoing review and many elements are already subject to comprehensive external assessment. As set out in the White Paper on Science, Technology and Innovation, the Government have asked the Department of Agriculture, Food and Forestry and Teagasc to examine the feasibility and operational requirements needed to raise the level of contributions from the farming community for agricultural research. The Department will examine how the Committee for Agricultural Research (Stimulus Fund Committee) could be developed to provide a more open system for supporting R&D in agriculture. The Teagasc Research Centres will have clear mission statements, accompanied by measurable objectives covering both their research and technology transfer activities.

### ***Forestry***

8.47 Government policy in relation to forestry is set out in the Strategic Plan for the Development of the Forestry Sector in Ireland, published in July 1996. Key elements of the Plan include:

- an increase in the forest area from the current 570,000 hectares to 1.2 million hectares by 2035, with a consequent increase in annual timber output from 2.2 million m<sup>3</sup> per year to 10 million m<sup>3</sup> per year; and
- an increase in employment of approximately 11,000 in the period to 2020.

8.48 Investment in forestry is supported by a combination of capital grants, annual premium payments and tax exemptions. The existing system of premium payments is weighted substantially in favour of farmers. Non-farmers, including Coillte, are entitled to lesser payments over a shorter period. The weighting of premium payments in favour of farmers reflects the emphasis which the Strategic Plan puts on the development of farm forestry. In the context of a European Commission review of forestry incentives, which will be completed in 1997, the Government will aim to improve the level of premium payments to farmers (e.g. by indexation, and by maximising the rates of payment for afforestation of up to 20 hectares). The achievement of the planting targets described above, and the consequential national benefits, require Exchequer and EU supported afforestation to be carried out not only by farmers but by other landowners, including Coillte.

8.49 The Government will introduce a public notification system in early 1997 in relation to applications for grant aid for afforestation. The arrangements, which will not apply to initial planting of up to 2.5 hectares, will be reviewed with the farm organisations as necessary during the course of the Partnership.

### ***Rural Development***

8.50 In December 1995 the Rural Development Policy Advisory Group was set up. The Group is preparing a report which will set out a broad vision for the development of rural areas in the medium term, assess the contribution of current policies in the area of rural development and advise on the components of a comprehensive, integrated and sustainable development policy. The Group's report will be completed in the first quarter of 1997 and will be submitted for consideration by Government.

8.51 At the recent European Conference on Rural Development in Cork a declaration relating to the future direction of rural development policy in the European Union was presented to Commissioner Fischler who undertook to pursue policy proposals contained in it. On the basis of the Cork Conference outcome, rural development policy will command a high priority within the European Union in the coming years.

8.52 The Government is very conscious of the need to avoid confusion and duplication in the delivery of local and rural development initiatives and to ensure a co-ordinated and coherent approach in this area. With this in mind County Strategy Groups have been put in place and these Groups can, inter alia, facilitate co-operation by the different providers in relation to information and publicity, including the provision of single contact points for the public.

8.53 The Government is committed to:

- supporting the development within the European Union of an effective, multi-sectoral, integrated, area-based, participative rural development policy which is funded in its own right, and is equally committed to pressing for adequate support for agriculture under the CAP;
- reviewing the implementation of the LEADER programme in Ireland in the context of the Mid-Term Review to be completed by end-March 1997, to ensure that it is meeting its objectives in contributing to rural development and to consider, among other things, how greater encouragement can be given to the development of group and community-based projects;
- facilitating co-operative start-ups particularly in the context of local development initiatives with the aim of securing involvement in rural development projects and activities by the greatest number of rural dwellers;
- examining carefully the proposals which emerge from the Rural Development Policy Review Group and, in that context, fundamentally reviewing policies and activities in the area of rural development and preparing an action plan to guide future actions in this area; and
- reporting by June 1997, on the extent to which the activities of County Strategy Groups are fulfilling the role with which they have been entrusted.

8.54 The problems of poverty and social exclusion have a distinct impact in a rural context and will be addressed in the development of the National Anti-Poverty Strategy referred to in Chapter 4 of this Partnership.

### **Rural Environment**

8.55 Support for the provision of pollution control facilities continues under the CFP Scheme operated under the OPARDF 1994-1999. Some 18,500 applications were received before the scheme was suspended in April 1995, and will result in excess of £100 million being expended in grant aid. It is the Government's intention to re-introduce the scheme on a priority basis, if additional funds become available at the Mid-Term Review of Structural Funds.

8.56 For the Rural Environment Protection Scheme (REPS), the target of 43,000 participants and spending of £350 million up to 1999 is likely to be achieved. The operation of the scheme is reviewed on a regular basis and changes implemented where necessary. There is also close liaison with the farm organisations on operational aspects of the scheme. In discussions with the European Commission, the Government will be seeking to have the scheme extended.

## DEPARTMENT OF THE TAOISEACH - PARTNERSHIP 2000

8.57 The Birds and Habitats Directives impose an obligation on Member States of the EU to designate as Special Protection Areas (SPAs) or Special Areas of Conservation (SAC) areas that meet the criteria set down in the Birds and Habitats Directives. Direct contact will be made by the Department of Arts, Culture and the Gaeltacht with individual landowners/occupiers of the designated land for whom the designation is relevant:

- proposed designations will be publicly advertised and landowners/occupiers of the designated land who feel that they may be affected will be invited to contact the National Parks and Wildlife Service; and
- landowners will be given maps of the proposed SAC/SPA, a description of the site, the conditions which apply to each habitat, details of proposed compensation and details of the procedure for appeals/objections and arbitration.

8.58 The following provisions will be made for a system which will allow for objections to designations or the level of proposed restriction on scientific grounds:

- an independent appeals/objections board will be appointed with equal representation between landowners and other interests/experts and with an independent Chairperson to make recommendations to the Minister for Arts, Culture and the Gaeltacht on objections to designations or levels of restrictions specifically for purposes of implementing the Directives;
- the Government agrees that a fair and proper level of compensation shall be paid having regard to the level and extent of restriction and all reasonable losses arising as a result of SAC/SPA designations and to the difference between the value pre-designation for environmental purposes and subsequent value of the land consequent on designation as a SPA/SAC; and
- an independent arbitrator will be appointed by the Minister for Arts, Culture and the Gaeltacht to adjudicate on disputes in relation to the level of compensation. The independent arbitrator shall take due account of the rights of property owners to full compensation for all reasonable losses arising as a result of the designation. In the interest of equity, the State shall bear the cost of the Arbitrator.

8.59 The Minister for Arts, Culture and the Gaeltacht will introduce the necessary Statutory Instrument to give legal effect to the above provisions where appropriate.

8.60 The Government is committed to the development of the organic farming sector.

8.61 The Department of the Environment shall enter negotiations in 1997 with the relevant farm organisations with a view to reaching mutually acceptable conclusions on their concerns regarding the cost and scope of integrated pollution control licensing for intensive agricultural activities covered under the Environmental Protection Agency Act, 1992.

8.62 Given the importance of maintaining an environmentally sound farming sector, provision will be made by way of improved capital allowances for a targeted and monitored measure to support investment by farmers in necessary pollution control measures.

***Administrative Efficiency***

8.63 The Government undertakes to meet the payment schedules and quality of service set out in the Charter of Rights for Farmers, except where it is unable to do so due to events outside of its control. The Government undertakes to enter into discussions with the farm organisations\* on measures to improve on the targets, and other issues, in the Charter over the life of the Partnership.

\*Throughout this chapter reference to farm organisations relates to the IFA, the ICMSA, the ICOS and Macra na Feirme.

## CHAPTER 9

### ACTION THROUGH PARTNERSHIP FOR COMPETITIVE ENTERPRISES

#### Introduction

9.1 An objective of this Partnership is to extend partnership arrangements at enterprise level. Such arrangements are already taking place in different ways in a variety of employments. These arrangements have not been documented systematically and consequently are probably underestimated. International and domestic experience suggest that further development of the partnership approach at enterprise level will enhance the competitiveness of firms, the quality of the work environment and the access of employees to life long learning.

#### The Challenge

9.2 The NESC suggested that the challenge is to:

- encourage firms, employees and unions to advance from experiment to comprehensive innovation;
- encourage the development of new models; and
- recognise the different starting points of different enterprises and employees.

9.3 The key to providing this encouragement lies in understanding that successful workplace innovation occurs:

- in ways which support competitive strategy in an ever changing market environment; and
- at natural opportunities for change æ such as training, new investment and crisis adjustment.

9.4 Ireland now competes in a global economy. In these conditions growth and development of Irish enterprises and the maintenance of employment demands:

- continuous innovation;
- quality and consumer focus;
- flexible working methods;
- high skilled workers; and
- life long learning in all work roles.

9.5 Achieving this will be assisted by a combination of action by employers, employees, trade unions and Government. The NESC has concluded that competitiveness can be greatly assisted by partnerships at enterprise level which provide a "potentially powerful means for accelerating innovation". The Council called for action at national level to promote best practice in enterprise partnerships.

The parties to this agreement subscribe to the above conclusions and recommendations.

### **Support for Enterprise Partnership**

9.6 For some employers, employees, and their representatives, the move to a partnership culture requires a radical change in current attitudes and approaches. A qualitative change of this nature requires support in the form of:

- a facilitative national framework;
- training for managers, employees, union officials and workplace representatives;
- support and technical assistance from appropriate agencies or institutions; and
- dissemination of best practice.

### **A National Framework**

9.7 In response to the competitive challenge and the recommendations of NESC, the Government and Social Partners agree that a National Framework be established to develop partnership at enterprise level and to provide encouragement, training, information and support to employers and employees/representatives. This National Framework adopts the following definition of partnership recognising that its ongoing operation will be enterprise based.

#### ***Definition***

9.8 Partnership is an active relationship based on recognition of a common interest to secure the competitiveness, viability and prosperity of the enterprise. It involves a continuing commitment by employees to improvements in quality and efficiency; and the acceptance by employers of employees as stake holders with rights and interests to be considered in the context of major decisions affecting their employment.

9.9 Partnership involves common ownership of the resolution of challenges, involving the direct participation of employees/representatives and an investment in their training, development and working environment.

#### ***Objectives***

9.10 The objectives of enterprise partnerships are:

- to enhance the prosperity and success of the enterprise;
- to create the basis and arrangements for discussion of major decisions affecting the organisation's future, including future economic security;
- to engage all stake holders' ideas, abilities and commitment; and
- to enhance the quality of the work environment.

#### ***Linkages***

9.11 This Partnership emphasises the close link between this National Framework for enterprise-level partnership and a National Partnership which guarantees continued wage moderation and competitiveness.

***Development of Enterprise Partnership***

9.12 The National Framework for Partnership for Competitive Enterprises does not attempt to impose any single structure or model of partnership. The parties to this National Framework accept that there is a need to tailor the approach to fit different employment settings.

9.13 As NESC indicated, internationally, there is no evidence that any one structural or institutional model or approach systematically out-performs others, nor that an effort to import a model from one country to another is an effective approach.

9.14 The parties accept that employee involvement and partnership can be expressed through a range of means and methods, including those already set out in the IBEC/ICTU Joint Declaration on Employee Involvement agreed in 1991. Both ICTU and IBEC are committed to the development of appropriate initiatives at enterprise level and will encourage and support this process in every practical way.

9.15 In this context, depending on the particular circumstances of the enterprise, topics appropriate for discussion at enterprise level may include the following:

- employee involvement for competitiveness (opportunities for employees to be involved in, and contribute to, meeting the challenge of global competition);
- training, personal development and support (enhancing competence, flexibility and innovation through skills development, professional training and employee assistance);
- equality of opportunities (consideration of equal opportunities and reconciliation of family and work responsibilities);
- representational arrangements (the role of the union and employee representatives and facilities for effective representation);
- forms of financial involvement;
- occupational health and safety and the work environment;
- composition of the workforce (issues relating to the employment of atypical workers taking account of such factors as competitive pressures, flexibility and security of employment);
- co-operation with change including new forms of work organisation (the mechanisms by which employees and managers can be continuously innovative and accept the need for change to remain competitive);
- problem solving and conflict avoidance (developing a co-operative culture which facilitates a non adversarial approach to problems); and
- adaptability, flexibility and innovation (the means by which the organisation can be made more flexible, innovative and adapt to changing market requirements).

9.16 The focus of discussions under this clause is to provide for greater understanding of the challenges facing the enterprise, and an acceptance of the measures needed to meet these challenges and to ensure that adequate arrangements exist for communication. Discussions will be conducted in a non adversarial manner and will be governed by Clause 6 (Stabilisation) of the Agreement on Pay.

***Facilitating/Monitoring Process***

9.17 The Parties support the establishment of a national centre for partnership. The centre will have the following roles:

- promotion of involvement and partnership;
- monitoring developments;
- technical assistance and support to organisations involved in developing involvement and partnership arrangements;
- dissemination of best practice; and
- training for management, union, employer and workplace representatives.

9.18 The activities of the centre will utilise facilities within ICTU, IBEC and appropriate institutions and state agencies. Its activities will be directed towards facilitating trust and partnership between employers, employees and unions. The centre's role will be to facilitate appropriate agreed local arrangements rather than to prescribe particular partnership mechanisms.

***Training***

9.19 The centre will work with IBEC and ICTU in developing training programmes to facilitate the development of employee involvement and competitive enterprise partnership. The implementation of this Framework will require in certain circumstances training for management, employees and their representatives to facilitate the development of enterprise partnership. Joint employee/management training has been undertaken in some companies with positive results. The work of the centre, in conjunction with IBEC and ICTU should therefore, include a number of joint training programmes on a pilot basis. The results of such pilot programmes should be assessed with particular reference to their practical contribution to the objectives set out under that heading in this Framework.

***Presentation***

9.20 IBEC and ICTU will make an annual presentation to the Department of Enterprise & Employment and to the Central Review Committee (CRC) on developments.

***Modernising our Industrial Relations System***

9.21 A big challenge for companies and unions will be to move in a positive way from the traditional approach to the organisation of work to more flexible and fluid work practices. Our ability to manage change, to strike a balance between flexibility and security and to develop a high trust environment between employees and managers will be crucial.

9.22 To assist employers and employees and unions in this area, our industrial relations procedures and institutions will be modernised during the period of this Partnership. In particular:

- an Annual Survey on Industrial Relations trends will be carried out and published by the Labour Relations Commission;
- the Parties to this Partnership will seek to conclude a Framework Agreement within which issues relating to change and company restructuring would be dealt with. Also action will be taken to ensure that the Labour Relations Commission and the Labour Court will have available to them expertise in business strategy and new production systems when dealing with cases of major company restructuring;
- a High-Level Group, involving the Departments of the Taoiseach, Finance and Enterprise and Employment, ICTU, IBEC, and IDA-Ireland, will be established to consider the detailed proposals submitted by ICTU on the Recognition of Unions and the Right to Bargain; and
- this High-Level Group, which will take account of European developments and the detailed position of IBEC on the impact of the ICTU proposals, will report to the Minister for Enterprise and Employment and to the monitoring arrangement on the pay agreement provided for at paragraph 11.7 by the end of 1997.

## CHAPTER 10

### ACTION TO MODERNISE THE PUBLIC SERVICE

#### Forces of Change

10.1 The economic environment is now characterised by an unrelenting drive for competitiveness brought about by the increasing globalisation of economic activity and international competition in world markets. Technological advances, which have fuelled much of the growth in globalisation and competition, are continuing apace and show no signs of abating. As a result, the world economy is increasingly dynamic, open and internationally competitive. In turn, this requires the Irish economy to perform to the highest standards if we are to maintain our competitiveness and advance the economic and social well being of our people.

10.2 Maintaining competitiveness has required the productive sectors of the economy, including the commercial state sector, to be highly flexible and responsive to rapidly changing economic and technological developments. This has given rise, and continues to give rise, to very significant restructuring and reorganisation within the workplace, an acceptance of the ongoing need for change and the development of a capability and a willingness among staff and management to manage the change process on a partnership basis. It has also led to unprecedented reductions in the levels of employment in established industries, including the commercial state sector, and to growth in jobs in the newer electronic industries and services. The overall picture is one of a rapid transition from what is commonly called the industrial age to a new economic era dominated by services industries, which increasingly are information based.

10.3 The recent NESC conclusions and recommendations in its Strategy into the 21st. Century identified the need for specific restructuring action programmes for each sector of the Public Service if reasonable expectations on the part of public servants are to be reconciled with the country's developmental needs and the public financial constraints within which Ireland must operate in the years ahead.

10.4 The Council set down a series of sources for change that have acted to cause a rethinking of the role of the Public Service. These include new demands created by social change, heightened consumer awareness of quality of service and new approaches to effective management in the Public Service.

10.5 The Council made clear its view that the capacity to change and respond to new social demands as they arise is crucial to improving efficiency in the delivery of public services. It sees merit also in the OECD view that a 'selective radical' strategy for implementing Public Service reform may well be the preferred solution since an incremental approach is unlikely to succeed in bringing about fundamental change in behaviour and attitudes and major benefits for the Public Service and the country.

### **Implications for the Public Service**

10.6 In the past thirty years, the importance and influence of the Public Service in Ireland have grown considerably such that its performance in terms of discharging the business of the State has a very significant impact on overall economic efficiency and competitiveness. In essence, its activities more than ever before affect the operating environment of the productive sectors of the economy. The importance and influence of the Public Service are illustrated by the fact that, in 1996, there are 188,700 people employed in it and the Public Service pay and pensions bill amounts to £4,806 million. Overall Government expenditure, current and capital, now accounts for more than 38 per cent of GNP and employees in Public Services represent some 18 per cent of those at work outside Agriculture. The Public Service makes up a significant proportion of total economic activity and the resources required to fund it consume a substantial share of national income. Its performance, therefore, has significant implications for the efficiency and competitiveness of the Irish economy.

10.7 The Public Service has not been immune to the changes taking place in the wider economy. It too has faced many challenges and demands for change requiring a capacity for strategic management and a willingness to respond more rapidly to the changing needs and preferences of the recipients of its services. In many areas the Public Service has been adapting to these challenges and demands through improved responsiveness and flexibility in the delivery of services and in meeting the needs of the public. The imperative now is to build on these developments through a concerted and co-ordinated drive to improve further the performance of the Public Service at all levels and in all sectors. Equally, the process of modernisation must ensure that the Public Service responds better to staff aspirations for more fulfilling work and improved career paths and creates an organisational climate conducive to better job satisfaction, motivation and commitment of staff.

### **Improving the Public Service Contribution to Competitiveness**

10.8 The Government is committed in this Partnership to the continued promotion of policies to achieve high, sustainable economic growth and employment and greater social well being. The successful implementation of these policies is conditional on the Public Service making the maximum contribution to national economic and social development, providing quality services, and employing its available resources to best effect. This demands that the Public Service as a whole develops the capacity to manage strategically, so that it can exploit new opportunities for economic development, to respond flexibly to changing service delivery needs, to deploy resources in a speedy and flexible manner, and to operate cost-effectively through the realisation of appropriate efficiencies and savings.

10.9 It is widely recognised that achieving the level of performance now required of the Public Service represents a major challenge to public servants at all levels. Governments in EU and OECD Member States are committed to having more effective, efficient and economic ways of delivering programmes and services. As a result, modernisation initiatives are commonplace and, while varying in approach, are all striving to raise performance and provide greater value for money. The Public Service is no exception in this regard and programmes of change such as the Strategic Management Initiative and Delivering Better Government; Shaping a Healthier Future: A Strategy for Effective Healthcare in the 1990s; Charting our Education Future: White Paper on Education; and the outcomes of organisation reviews underway in other sectors constitute a response to the challenges confronting the Public Service.

### **Delivering Better Government**

10.10 Delivering Better Government, combined with the sectoral strategies, set the strategic direction for the Public Service and the essential principles governing the required changes. In particular, Delivering Better Government sets the overall agenda for the Public Service as a whole and is directed at achieving the twin goals of better Government, in terms of improved service delivery, better quality regulation and more effective management of major national issues, and delivering better Government through ongoing improvements in performance and a clearer focus on achieving objectives. The attainment of these goals requires greater flexibility in the way the Public Service goes about its business and responds to the changing preferences and needs of the public. In this context, organisational structures, administrative and managerial processes, and working practices generally need to be constantly reviewed and adapted as circumstances warrant.

### **Principles of Change**

10.11 There are a number of key principles which must inform and drive the changes now needed. These are:

- quality in the delivery of services;
- the effective management of performance at all levels;
- flexibility in the deployment of resources;
- training and development;
- the effective use of information technology; and
- an open, participative approach by all concerned.

Adherence to these principles, and the various organisational strategy statements flowing from them, will ensure a Public Service that is adaptable and responsive to internal and external changes, delivers quality services, is well managed, makes a greater contribution to competitiveness, and provides value for money. To this end, the strategy statements will be implemented in each sector through specific programmes of action drawn up on the basis of a participative approach between management and staff.

10.12 The principle of quality in the provision of public services is of fundamental importance. This involves the development of a culture directed at ensuring greater ease and simplicity for businesses and the public in accessing services, at giving them a reasonable degree of choice in relation to the methods of service delivery and providing for consultation with and participation by them on a structured basis. It is widely recognised that public support for public services can be strengthened by delivering the highest possible quality of service and by demonstrating greater flexibility and responsiveness in meeting the needs of the public.

10.13 Another fundamental principle is better management of personnel through a focus on performance, flexibility in work arrangements and the use of resources, and the development and enhancement of the skills and competencies of management and staff at all levels. The key to achieving these goals is the implementation of an effective performance management process. This process will take account of the particular work and organisational needs of each sector and of common grading, pay and conditions arrangements, and will be based on an open, participative approach in the workplace. Implementation will be underpinned by:

- a strategy for each sector within the Public Service, setting performance objectives for the various areas of Government policy;
- actions by management and staff at all levels to achieve these objectives;
- the development of trust and co-operation within and across organisations, including the sharing of information and resources to help one another to get the job done;
- an acceptable balance between meeting the goals of the organisation and the development needs of those who work in it;
- levels in different organisational structures designed to achieve effectiveness, consistency of response and speed of decision making;
- devolved responsibility and accountability;
- the development and adoption of a value-for-money approach; and
- a motivating and rewarding work environment, including development, by negotiation, of appropriate reward systems.

10.14 Putting in place an effective system for managing performance will require:

- a progressive increase in training and development budgets within existing resources; the aim being to reach the goal of 3 per cent of payroll set out in Delivering Better Government;
- qualitative improvements in training and development programmes focusing on enhancing management and staff competencies and skills to facilitate career and personal development;
- active policies to ensure equality of opportunity in recruitment, work practices and promotion;
- equality of treatment between staff with and without disabilities; and
- the development of family friendly working hours, such as more flexible working arrangements and enhanced job-sharing and career break facilities.

10.15 Work is already underway to devise and develop an appropriate system. Issues of recognition and reward, and a constructive approach to the management of performance, including underperformance, are integral parts of this process. This will involve, in particular, an emphasis on a continuous process in which management and staff work together on a specific task or activity, in a planned manner, so that their knowledge, competence and skills are improved.

**Partnership Approach**

10.16 It is recognised that successful change must be based on a partnership approach both at the overall Public Service level and within individual organisations. The objective is to achieve joint ownership by management, unions and staff of the entire process. To this end, an adversarial approach to change must be replaced by an open, co-operative process based on effective consultation and participation by all concerned. For the Civil Service, the task now is to develop such an approach by building on the existing arrangements at General and Departmental Councils for progressing and implementing the action programmes arising from the Strategic Management Initiative and Delivering Better Government and on the structures being developed in each Department and Office to engage staff at all levels in the change process. Similar arrangements, tailored to meet the particular needs of each sector, will have to be put in place for the wider Public Service. Appropriate training will also be provided for management, unions and staff to facilitate the development of these arrangements.

**CHAPTER 11**

**ACTION ON PARTNERSHIP AND MONITORING**

11.1 Partnership through this national agreement involves, in particular, a shared understanding of the key mechanisms and relationships in the formulation and implementation of policy.

11.2 The partnership process reflects inter-dependence between the partners. The partnership is necessary because no party can achieve its goals without a significant degree of support and commitment from others.

11.3 Partnership is characterised by a problem-solving approach, in which various interest groups address joint problems. Partnership involves trade-offs both between and within interest groups. The partnership process involves different participants on various agenda items, ranging from the principles of national macroeconomic policy to the specifics of local development.

11.4 All Social Partners accept that the benefits of economic growth be shared by all citizens in a manner that reflects this country's commitment to social solidarity and a better quality of life for all our people.

11.5 It is important that arrangements should be put in place at national, sectoral and local level, including the workplace, to benchmark and monitor the Partnership. A significant part of these new arrangements has been set down in Chapters 9 and 10.

11.6 Participation in the partnership process evolved relative to the discussions on the current document. It is clear that many different issues arise where participation is important. It is also clear that different groups have different interests across those issues. For the development of partnership, it is agreed that, in addition to Government:

- there will be four pillars to the partnership process:
  - farming organisations;
  - community and voluntary organisations;
  - trade unions; and
  - employer and business organisations.
- it will be a matter for each pillar to the partnership process to decide in the context of existing arrangements, on the appropriate representation from its side in any case which is dealt with on a partnership basis;
- in the case of the pillar representing farming organisations, trade unions and employers/business organisations, this shall be achieved by agreement between those organisations in each pillar who participated in discussions leading up to this Partnership, and the primary organisations represented on the CRC under the PCW, taking account of practical issues such as the overall size of delegations; and
- in the case of community and voluntary organisations, delegations will be decided by discussions and agreement of the groups who participated in the discussions leading up to this Partnership.

## DEPARTMENT OF THE TAOISEACH - PARTNERSHIP 2000

11.7 The arrangements agreed on for the development of national level partnership will involve:

- the NESC, in consultation with the relevant Government Departments, benchmarking (Irish) progress in the areas covered in the Partnership both over time and by comparison with other countries;
- the NESF, in addition to providing opinions on policy issues featuring in its work programme, will be asked to provide opinions at six monthly intervals on the development of the provisions of the Partnership agreement regarding social inclusion and equality. In undertaking this task the NESF will put in place a process to ensure that the four pillars of the partnership can participate in the preparation of these opinions. They will take account of the benchmarking analysis provided by NESC and will consult with relevant Departments as appropriate;
- for those parties that negotiated the pay agreement, the modernisation of enterprises and the modernisation of the Public Service, there will be meetings at six monthly intervals to review and monitor the operation of those elements;
- a meeting of all the parties to the Partnership, chaired by the Taoiseach, will be convened annually;
- quarterly meetings of members of the four pillars under the auspices of the Department of the Taoiseach will be held to review and monitor the operation of the Partnership agreement; and
- any party to the Partnership may raise an issue regarding any aspect of the operation of the Partnership with the Secretary, Department of the Taoiseach who may, following consultation with the Partners, convene a special meeting of the parties to the agreement.

11.8 The monitoring procedures for the Partnership will be reviewed following the publication in 1997 of the NESF Report on a Framework for Partnership and in the light of the terms of office of both NESC and NESF expiring at the end of 1997.

**APPENDIX**

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

**Introduction**

This Agreement is part of a composite agreement on pay and tax. The tax elements are set out in Chapter 3. The parties to this Agreement are therefore committed to:

- increasing employment;
- improving living standards through pay increases and significant tax reform;
- full and ongoing co-operation with change and the need for continued adaptation and flexibility to maintain and improve competitiveness;
- the development of social partnership and equal opportunities at workplace level; and
- the delivery of the modernisation programme in the Public Service.

**1. Date of Implementation and Duration**

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

**2. Pay**

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

- 2.5% of basic pay for the first 12 months of the Agreement as it applies in each particular employment or industry;
- 2.25% of basic pay for the second 12 months of the Agreement as it applies in each particular employment or industry;
- 1.5% of basic pay for the next 9 months of the Agreement as it applies in each particular employment or industry; and
- 1.0% of basic pay for the next 6 months of the Agreement as it applies in each particular employment or industry.

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

- £3.50 per week in the second phase;
- £2.40 per week in the third phase; and
- £1.60 per week in the fourth phase,

the appropriate percentage increase for these particular phases will be adjusted to these levels by local negotiation and failing agreement shall be dealt with in accordance with Clause 5. These minima will apply on a pro-rata basis to part-time employees unless existing agreements apply more favourable terms.

(iii) Local Level Negotiations

In addition to the increases provided for in (i) and (ii) of this Clause, employers and unions may, not earlier than the second year of the Agreement, negotiate at firm or industry level as appropriate (including JLCs), for adjustments in pay and/or conditions of employment the cost of which shall not exceed 2% of the basic pay cost of the particular grade, group or category of employee. The local bargaining element shall not apply earlier than six months following the commencement of the second phase of the Agreement.

Local level negotiations, including negotiations at JLCs, shall be governed by the provisions of Clause 3, and shall have full regard for the costs involved and for the ability of the firm or industry to meet these costs. Agreements may, therefore, include appropriate cost off-setting measures and phasing arrangements, where necessary.

In the event of a dispute arising in respect of this element, including its applicability to any firm or industry, the matter shall be processed at the Labour Relations Commission, the Labour Court or other agreed machinery.

(iv) The arrangements for increases in basic pay and for local level negotiations in the Public Service are set out in the Annex.

**3. Economic and Commercial Circumstances**

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

**4. Pensions and Sick Pay Schemes\***

Unions are not precluded by Clause 6 from making claims for the introduction of pension or sick pay schemes where none exist or from making claims for the improvement of such schemes where these are substantially out of line with appropriate standards in comparable employments. Having regard to the cost and other implications of pension and sick pay schemes, negotiations on these matters shall be governed by the capacity of the enterprise to absorb the cost involved and, additionally, in the case of sick pay schemes, the possible implications for attendance. Agreements under this Clause may therefore include appropriate phasing and other arrangements (which may exceed the timescale of this Agreement) to take account of these considerations.

**5. Industrial Peace**

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

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

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

**6. Stabilisation**

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

**7. Partnership**

The parties to this Agreement subscribe in general to the conclusions of NESC Report, Strategy into 21st Century, in relation to the partnership process as described in Part IV of that report. The parties have set out in Chapter 9 principles and definitions to develop this process, including best practice, proposed monitoring arrangements, and recommendations which should form the basis for discussions initiated at enterprise level between management, employees/trade unions.

**8. Review**

(i) It is agreed that if any of the parties to this Agreement so request a review of its operation may take place in the final year in the light of economic and fiscal developments over the period of the Agreement. This does not imply any commitment to alter the period of the Agreement or its terms.

(ii) In the event of unforeseen changes in economic circumstances arising from EMU the arrangements for monitoring the new Partnership will be utilised to provide a mechanism for reviewing this Agreement should this be necessary.

\*Insofar as the Public Service is concerned, no claims shall be submitted or processed further pending the Report of the Commission on Public Service Pensions.

**ANNEX**

**PUBLIC SERVICE\* PAY**

1. As indicated in the Introduction to the Agreement, the parties commit themselves, in return for the composite agreement on pay and tax provided for in this Partnership, to full and ongoing co-operation with change, continued adaptation and flexibility and the delivery of the modernisation programme in the Public Service set out in Chapter 10, in addition to the other issues mentioned in the Introduction.

2. In this context, the parties are committed to the development of specific action programmes by reference to the principles of the modernisation programme, based on the needs of the different sectors of the Public Service, and to making progress within the period of the Agreement on the changes involved, in an open and participative manner. These action programmes will be designed in such a manner as to set specific targets for achievement of progress on the implementation of the modernisation programme. It is accepted that change, in itself, is not a basis for claims for improvements in pay and conditions.

**3. Pay**

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

Phase 1: 2.5% of the first £200 of basic weekly pay (£10,436 in annual terms) for the first 9 months of this Agreement, at the end of which the increase of 2.5% shall apply to the balance of full basic pay for the next 3 months;

Phase 2: 2.25% of basic pay for the next 12 months;

Phase 3: 1.5% of basic pay for the next 9 months; and

Phase 4: 1% of basic pay for the next 6 months.

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

£3.50 per week in the second phase;

£2.40 per week in the third phase; and

£1.60 per week in the fourth phase.

the appropriate percentage increase for these particular phases will be adjusted to these levels by local negotiation and failing agreement shall be dealt with in accordance with Clause 5. These minima will apply on a pro rata basis to part-time employees unless existing agreements apply more favourable terms.

**4. Local Level Negotiations**

(a) In addition to the increases provided for in Clause 3 of this Annex, trade unions shall be entitled to claim adjustments in pay and/or conditions of employment the cost of which shall not exceed 2% of the basic pay cost of the particular grade, group or category of employee;

(b) Such adjustments shall not take place earlier than the commencement of the third phase;

(c) These adjustments will, in respect of each grade, group or category, be conditional on there having been verified progress to a satisfactory level on implementation of the modernisation programme set out in Chapter 10 of the Partnership. Appropriate machinery to give effect to this sub-clause, which will include provision for final determination of any disagreement on verification and/or implementation of the modernisation programme, will be agreed between the parties not later than six months after ratification of the Partnership; and

(d) In the event that there is disagreement on the manner in which the adjustments referred to in sub-clause (a) are to be applied, the parties shall co-operate in having the matter processed to final determination, within the limit of 2% referred to in that sub-clause, through the services of the Labour Relations Commission, the Labour Court or the Conciliation and Arbitration Schemes, as appropriate.

**5. Revision of Conciliation and Arbitration Schemes**

The parties are also committed to the finalisation, within 6 months of ratification of the Partnership, of discussions on revised Conciliation and Arbitration Schemes in those sectors of the Public Service where these have not already been completed.

6. All of the other provisions of the Agreement apply equally to the Public Service.

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