

National Employment Action Plan
Ireland
2003-2005



Department Of Enterprise Trade and Employment
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National Employment Action Plan 2003-2005

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Foreword

The previous Employment Strategy covered the period 1997 to 2002. During that time the transformation of the labour market in Ireland has been remarkable. There were several reasons for this success including:

- Investment in infrastructure and in human resources
- Favourable tax environment
- Strong social partnership that gave certainty and stability.
- Global economic growth

One of the major successes has been the turnaround in unemployment through the creation of jobs both for the unemployed and new entrants. The numbers in employment have risen from 1.15 million in 1993 to 1.65 million in 2000. This represents an increase of 43% over the period. Since 2000 the rate of employment growth has decreased but still remains positive. In 2002 employment grew by 24,000 and is estimated to grow by 11,000 in 2003.

The Employment Action Plan, which covers the period 2003-2005, is set against a much-changed economic background. The favourable global economic environment has changed and the challenge for us over the next few years is to consolidate our achievements and maintain low levels of unemployment.

This Action Plan complements the new Social Partnership Agreement, Sustaining Progress 2003-2005. The overall goal of Sustaining Progress is "in a period of considerable uncertainty to sustain economic growth, maintain high levels of employment, secure living standards while strengthening the economy's competitiveness and thereby its capacity to resume trend growth in more favourable international conditions."

The issues highlighted in the Lisbon strategy and taken on board in the EU Employment Guidelines – competitiveness, knowledge and better jobs are vital to the Ireland's success in the future. Over the past decade our competitive advantage was built on a low cost base for wages and services and on skills availability and incentives. These advantages are being eroded and future competitiveness is critically dependent on knowledge, innovation, skills, education and research, the quality of infrastructure and services in the economy and maintaining our low tax regime.

Therefore the priority areas for employment policy as outlined in the Plan are:

- More emphasis on R&D investment
- Greater regional spread of investment
- Firms taking greater responsibility for upskilling their employees
- Lifelong learning
- Adoption of family friendly work practices
- Support for disadvantaged people to take up employment

Through the policies and strategies outlined in this Action Plan we will continue to focus on job creation, particularly higher-skilled jobs, eliminating long-term unemployment and securing balanced jobs and skills throughout the regions. In an increasingly competitive global market it is imperative that these crucial components to future progress are prioritised. In particular, we are committed to significant investment in R&D and strengthening the links between Government and the enterprise sector to encourage greater commercialisation of research output.

**Mary Harney, TD,
Tánaiste and Minister for Enterprise, Trade and Employment**

Preface

This Plan represents the Irish response to the European Employment Guidelines, which were agreed at the European Council in June 2003. The new Guidelines cover the period 2003-2005 inclusive and are in line with the goals set out in the Lisbon strategy: to make Europe the most dynamic, knowledge based economy in the world by 2010, capable of more and better jobs and greater social cohesion. The Guidelines have been prepared in conjunction with and complement the Broad Economic Policy Guidelines to ensure that there is greater coordination between economic and social policies

This Plan will be presented to the European Commission in accordance with Article 128 of the EU Treaties. It will then be subjected to peer review by fellow Member States and the Commission before the end of 2003. Following this process the Commission will make recommendations to each Member State in the Joint Employment Report, which is submitted to the Spring European Council. This is the occasion each year when the Heads of Government take stock of progress made in the Lisbon strategy and set priorities for the future.

The format and content of the Plan is in accordance with an agreed template to ensure standard presentation among the Member States. Many of the issues covered in the Plan refer back to a range Government policy strategies, which have been developed in consultation with the social partners in the context of the ongoing partnership process. These include:

- Social Partnership Agreement 2003-2005, Sustaining Progress
- The National Development Plan
- The EU Human Resource Development Operational Programme
- National Anti Poverty Strategy
- National Action Plan for Social Inclusion
- National Spatial Strategy
- National Childcare Strategy
- White Paper on Rural Development
- Taskforce Report on Lifelong Learning

The Labour Market Policy Section would like to thank colleagues in the Department of Enterprise, Trade and Employment and other Government Departments and Agencies, as well as the Social Partners, for their help in preparing this Plan.

October 2003

Summary

Section 1 of the Plan sets the context within which the Plan has been developed with particular reference to the three overarching objectives of the Guidelines.

Section 2 is the main part of the Plan. It outlines the initiatives taken under the 10 specific Guidelines taking account of the recommendations made by the European Commission to Ireland in 2002. The actions/measures outlined reflect developments under other parallel and complementary processes, most notably the partnership agreement Sustaining Progress.

Section 3 outlines the process engaged in the formulation of the Plan under the social partnership process. Financial allocations are also outlined with particular reference to the contribution of the European Social Fund.

Annex A outlines statistics based on National Sources requested by the European Commission to assist in the formulation of the Joint Employment Report 2003. These statistics do not offer cross-country comparability as they are based on national sources and as of yet no harmonised data are available for all member states. They do provide some indication as to compliance with the guidelines as well as an appreciation of national trends in the areas analysed.

The views of the social partners are included in Annex B.

1 Economic, Social and Political Context

1.1 Review of 2002

1.1.1 General Economic Background

Preliminary estimates indicate that the annual rate of growth in Gross National Product (GNP) was 0.1% for the year 2002. This compares with an annual growth rate of 3.8% in 2001. Gross Domestic Product (GDP) increased by 6.9% in constant terms in 2002 compared to 2001. GDP includes the profits of foreign owned enterprises and these contributed significantly to the GDP growth. In the fourth quarter of 2002, GDP increased by 7.5% while GNP declined by 0.1% compared with the same quarter of the previous year.

1.1.2 Employment and the Labour Force

The slowdown in the labour market which began in 2001, continued throughout 2002. Although the total number in employment increased, the rate of employment growth slowed appreciably, reflecting the deceleration in GNP growth. Unemployment continued to rise and would have risen by more were it not for the fact that labour force growth slowed due to a fall in participation. The growth in the labour force that did occur was due to demographic factors, of which immigration was a significant component

On average, employment increased by 23,600 or 1.4% in 2002. This compares to average annual increases of 2.9% in 2001, 4.7% in 2000 and 6.3% in 1999. The average number of females in employment in 2002 was 20,500 higher than in the previous year whereas male employment increased by only 3,300. The labour force increased by 29,200 to 1,854,700 in the fourth quarter. The male participation rate decreased from 75.8% to 74.9% while the female rate increased from 55.1% to 55%. At the end of 2002 there were 1,770,700 persons in employment an increase of 17,800 in the year. In the fourth quarter of 2002, the employment rate for the population aged 15 to 64 was 65%, a slight decrease on the previous year when the employment rate was 65.5%.

The deceleration in employment growth was most marked in manufacturing, where employment actually fell in 2002, and in financial services. To the extent that employment did grow in 2002, it was primarily due to large-scale public sector recruitment. Part of the reduction in labour demand in the private sector was reflected in reduced working hours rather than layoffs.

Employment fell in both agriculture (-4,600) and industry (-9,700) while rising substantially in services (+32,100). The substantial growth in services employment was driven by the increase in employment in sub-sectors dominated by the public service, with growth in health (+10,700), education (+5,300) and public administration and defence (+5,700) accounting for a combined increase 21,700 jobs. Most of the increase in the education and health sector was accounted by female workers (13,000 out of a total of 16,000)

1.1.3 Regional Comparisons

Employment grew by 12,800 (2.9%) in the Border, Midland and Western (BMW) region and by 5,000 (0.4%) in the Eastern and Southern region in the year to the fourth quarter of 2002. This continued the trend of stronger employment growth in the BMW region throughout 2002. Conversely, the growth in unemployment was concentrated in the Eastern and Southern Region where there was an increase of 10,800 compared with a net increase of less than a 1,000 in the BMW Region.

1.1.4 Unemployment

There were 84,100 persons unemployed in the fourth quarter of 2002. This represented a seasonal decrease of 2,600 in the quarter but an annual increase of 11,500 on the fourth quarter of 2001 when there were 72,600 persons unemployed. The unemployment rate was 4.5% in the fourth quarter of 2002, compared with 4.0% in the fourth quarter of 2001.

The increase of 11,500 in the numbers unemployed comprised an increase of 6,800 males and 4,700 females. 60% of the rise in the numbers unemployed was concentrated in the 25 - 44 age group. In the fourth quarter of 2002, the male unemployment rate was 4.8% and the female rate was 4.2%. Long-term unemployment has also remained at an historic low, averaging 1.2% in 2002.

1.1.5 Competitiveness

The 2002 European Competitiveness Report noted the continued strong performance of the Irish economy in areas such as GDP and Employment growth as well as labour productivity. In terms of national analysis, the Annual Competitiveness Report 2002 analyses Ireland's competitiveness using a wide range of key indicators, sourced from bodies such as the OECD and Eurostat, and compares it to that of Ireland's trading partners and main competitors. The report confirms many of Ireland's strengths. However it also points out areas of concern. Arising from this it has been recommended that future policy must focus on addressing prices and costs, wage growth moderation and the continued provision of infrastructure, with particular attention on issues such as Regulation and Competition Policy, Science, Technology and Innovation, and Education and Skills.

1.2 Outlook for 2003-2005

1.2.1 Economic environment

At Budget time last year, it was envisaged that conditions in Ireland would improve in the second half of this year in line with the anticipated recovery in the global economy. At this point in time, however, the international economy remains relatively weak, but with some signs that a recovery is developing, especially in the United States. The slow rate of global economic recovery is likely to continue, leading to under production in the FDI and linked indigenous sectors. Therefore, the outlook for 2003 is for in GDP and GNP growth of 1.5%.

The downturn in the economy has had a consequential effect on the public finances. A shortfall in tax revenue of up to €500 million for the year as a whole is currently estimated. Spending for the first 8 months of 2003 is 5.4% ahead of 2002, somewhat below expected levels, due to timing reasons. As revenue growth moderates, spending must be brought into line with tax revenues. The EU Stability and Growth Pact requires us to keep the general Government finances close to balance or in surplus and to take corrective action where necessary. In light of this, further difficult choices in relation to the prioritization of Government spending will be required in 2004.

1.2.2 The Euro and Inflation

Apart from the weak international economy, there are issues of deteriorating competitiveness driven by domestic inflation and a rapidly appreciating euro. Since the start of 2002 the euro has appreciated of 23% and 12% against the US dollar and sterling, respectively. This has impacted on the level growth across the EU but particularly in Ireland's case.

The openness of the Irish economy means that consumer price inflation is mainly determined by external factors (i.e. interest rates and the level of the euro). Although the inflation rate continues to fall and by year-end is expected to be around 3%, it is still likely to be above that of the euro area.

1.2.3 Labour Supply

Labour supply growth slowed dramatically in the second quarter of 2003 increasing by 32,700 annually, compared to an increase of 45,100 the previous year. This deceleration in the rate of growth was due to a fall in labour force participation. The growth in the labour force that did occur was due to demographic factors such as the increase in the population of those of working age and immigration, which between them added an estimated 35,800 to the labour force. This was partially offset by a net decrease in participation of 3,100.

The importance of the participation effect for labour force growth has diminished dramatically since 1999, when growth attributable to participation factors (+39,700) was more significant than demographic factors (+35,200).

Unlike the rest of the EU, Ireland's proportion of older people relative to the rest of the population is small (At present we have a ratio of one person over 65 for every five persons of working age compared with a ratio of one to three in most other European countries) and will remain so for the foreseeable future. For historical reasons people stay in the workforce for longer making our effective exit age from the workforce approximately five years greater than most of our EU counterparts.

In recent years, Ireland has experienced a substantial increase in immigration. During the 1980s, due to high unemployment rates and economic recession, emigration levels in Ireland were among the highest in Europe. However, since 1996 net inward migration has been positive. Estimated net inward migration between 1996 and 2002 was 139,400 compared with 8,300 between 1991 and 1996.

The participation rate of women in the workforce has increased substantially over the last decade, and has been one of the mainstays of labour force growth. This combined with the high rate of females completing Leaving Certificate and Third level education will serve to increase labour supply in the medium-term. However, female participation seems to have stabilized at present.

Whilst the labour market is still performing well in the European context, the below par growth forecast will not be able to sustain the current yearly requirement arising from new entrants into the labour force. Therefore, the forecast for employment growth over the next two years is estimated to be around 1%. As a consequence, the unemployment rate is forecast to rise, averaging around 5% in 2003.

1.3 Overarching Objectives of the European Employment Strategy

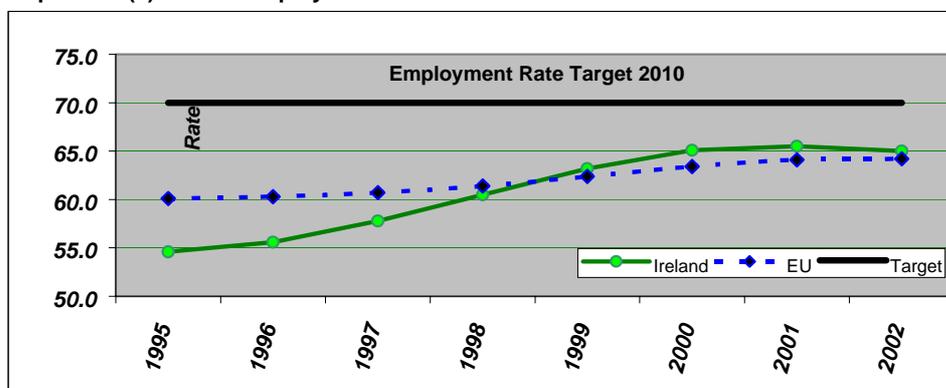
The European Employment Strategy sets out three overarching objectives in terms of a strategic focus for action in the field of employment policy. These are:

- Full Employment
- Quality and Productivity of Work
- Social Cohesion and Inclusion

1.3.1 Full Employment

The European Employment Guidelines requires Member States to achieve full employment by implementing a comprehensive policy approach incorporating demand and supply side measures and thus raise employment rates towards the Lisbon and Stockholm targets. The graphs outline Ireland's performance against the EU employment rate (graph 1.3.1(a) and our position in 2002 with reference to all three EU employment rate targets. (Graph 1.3.1(b))

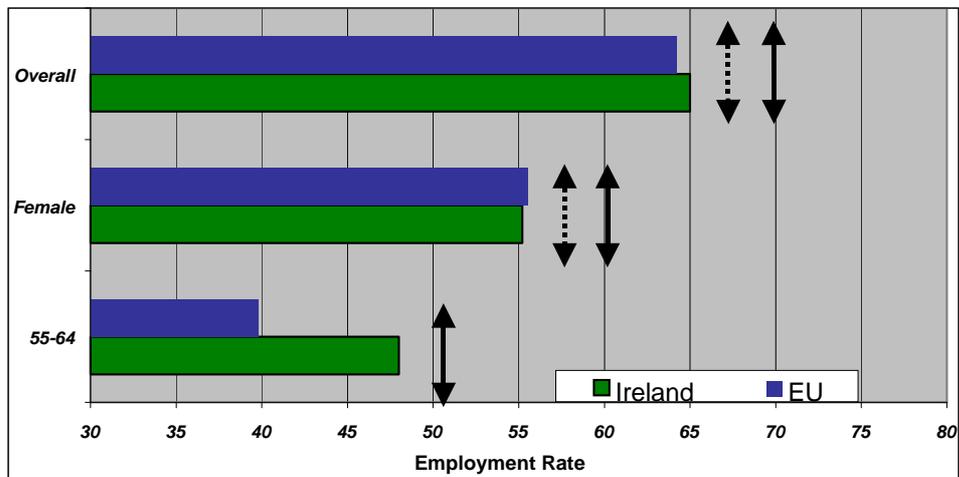
Graph 1.3.1 (a) Overall Employment rate trend.



Source: Eurostat.

The employment rate targets are for the EU as a whole. The targets set at Lisbon in 2000 were for rates of 70% for the overall working age population (15-64), 60% for the female working age population and 50% for the age group 55-64. These were to be achieved by 2010. Interim targets for 2007 were set at the Stockholm summit of 2001. These interim targets were 67% for the overall rate and 57% for the female rate.

Graph 1.3.1 (b) Employment Rate situation 2002.



Source: Eurostat.

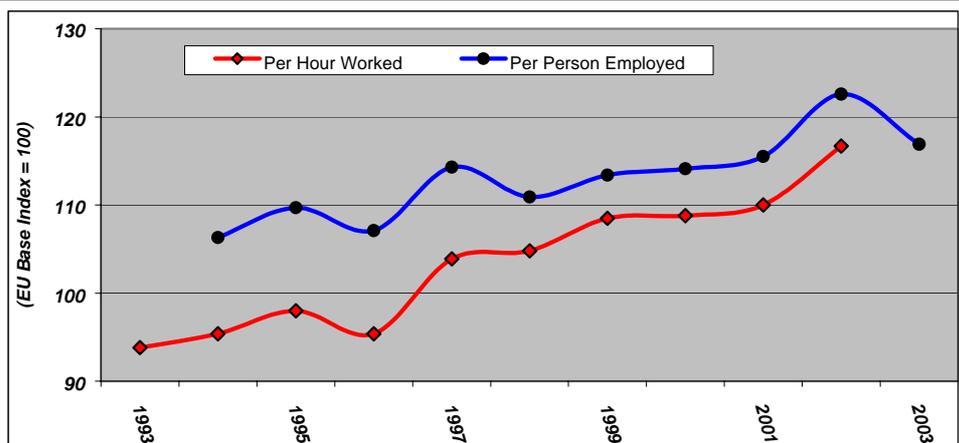
The graph illustrates progress toward the targets set at Lisbon for the various categories. The bold arrow depicts the Lisbon targets while the dashed arrow represents the interim targets set at Stockholm.

1.3.2 Quality and Productivity of Work

Quality in work is a multi-dimensional concept addressing both job characteristics and the wider labour market. It encompasses intrinsic job quality, skills, lifelong learning and career development, gender equality, health and safety at work, flexibility and security, inclusion and access to the labour market, work organisation and work-life balance, social dialogue and worker involvement, diversity and non-discrimination, and overall work performance. A key objective of the European Employment Strategy is to facilitate synergies between increased quality and productivity and increased employment rates.

In Ireland many of the components of work quality are addressed under successive partnership agreements, illustrating the key input of social dialogue into this area. These and the other aspects of quality in work are addressed throughout section 2. As the graph indicates, the trend in Ireland is very positive, with Labour Productivity currently at 16.9% above the EU average when measured per persons employed, an increase of 10 index points over a seven-year period.

Graph 1.3.2 (a) Irish Labour Productivity compared to the EU.

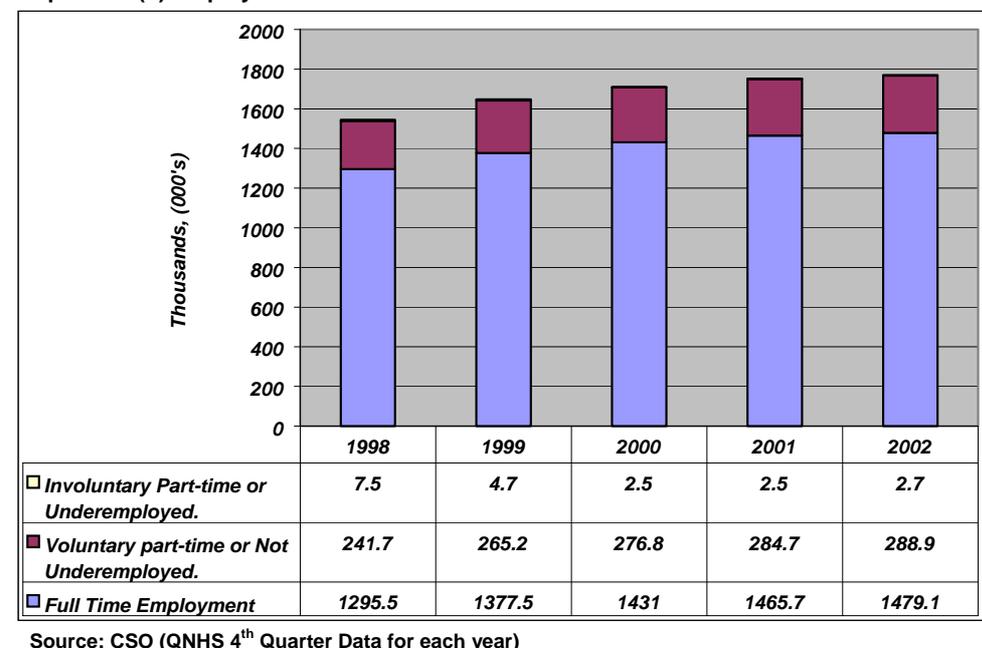


Source: Eurostat.

Data relating to 2002 & 2003 are estimates.

Graph 1.3.2 (b) illustrates the balance between full time and part time job growth in Ireland. Since the mid-nineties employment growth has been fuelled mainly by full time jobs. Nonetheless part-time employment has increased by over 15% since 1998. Despite the economic slow-down, the view is that this trend of rising part-time employment will continue to rise in the years ahead

Graph 1.3.2 (b) Employment Growth in Ireland: Full Time V Part Time Work.



1.3.3 Social Cohesion and Inclusion

Under The National Anti-Poverty Strategy (NAPS) substantial progress has been made in reducing consistent poverty, raising the incomes and living standards of those who rely on social welfare and increasing employment. The focus has been enhanced in the National Development Plan (NDP) and the commitments in the Programme for Sustaining Progress.

The following key employment/unemployment targets have been set in the NAPS:

- The elimination of long-term unemployment as soon as circumstances permit but in any event not later than 2007
- A reduction in the level of unemployment experienced by vulnerable groups towards the national average by 2007
- The achievement of targets/objectives set in the National Employment Action Plan

The overall broad approach towards achieving these targets will be to:

- Have in place a proactive policy of engagement with people of working age on social welfare, to ensure that, where possible, they have the opportunity to avail of employment, education and training options
- Create new opportunities for unemployed people and for marginalized groups to access employment and training
- Eliminate any remaining gaps or disincentives to employment/training in the application of the secondary benefit systems so that, at a minimum, nobody is materially worse off as a result of taking up employment, training, or education opportunities
- Ensure that those in low pay have access to higher incomes and the opportunity to progress to better paid and more highly skilled employment

Sustaining Progress acknowledges equality as a key goal to underpin activity in all policy areas. The National Action Plan on Social Inclusion (2003) notes the need for anti poverty strategies to accommodate the diversity of people living in poverty in terms of their identity, situations and experience. The actions taken to address social inclusion are outlined in section 2 of the Plan.

2- Implementing the European Employment Guidelines

This section addresses the 10 specific Guidelines and the Recommendations given to Ireland by the Commission in the Joint Employment Report 2002

2002 Recommendations

Job creation

Take further comprehensive action to address regional imbalances in employment, unemployment and job creation, including through assistance from the structural funds.

(See Section 2.10)

Lifelong Learning

Increase in-company training and expedite the implementation of a coherent lifelong learning strategy, with overall targets. Promote the active involvement of the social partners in pursuing these objectives. **(See section 2.4)**

Gender equality

Strengthen efforts to mobilise and integrate into the labour market economically inactive people, in particular women, by continuing to remove tax barriers, increasing the number of affordable childcare places and addressing the factors underlying the gender pay gap.

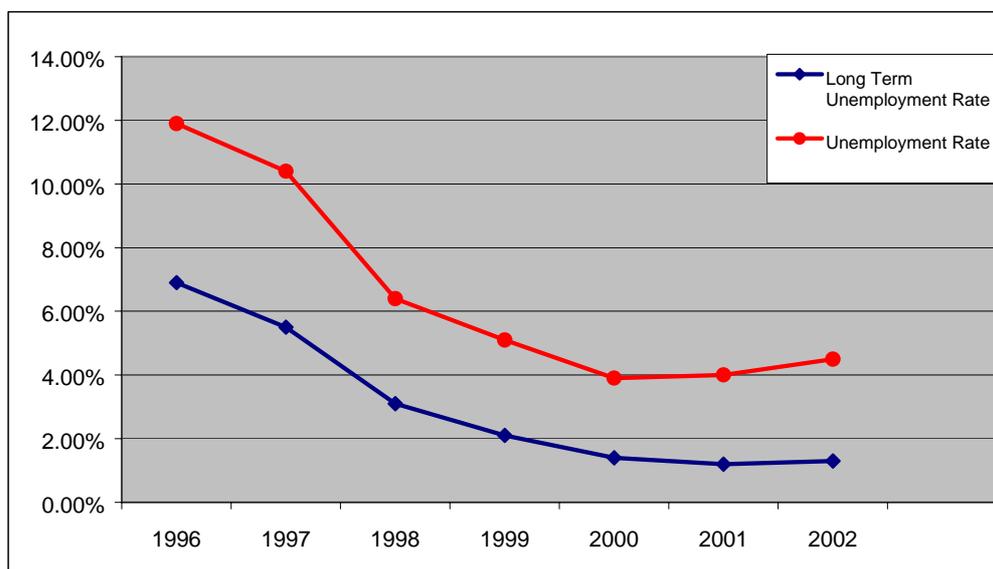
(See sections 2.5, 2.6, and section 2.8.)

Guideline 1 Prevention and Activation

2.1. Context

Prevention and Activation measures for the unemployed and inactive are designed to prevent inflow into long-term unemployment and to promote sustainable integration into the workforce. These measures need to be able to accommodate the diversity of the unemployed and inactive. As the graph indicates, over the past six years there has been a marked reduction in the rates of unemployment and long-term unemployment. The overall unemployment rate (including long-term unemployed) stood at 4.5% in 2002, with long-term unemployment at 1.3%. Despite the significant reduction in the numbers of long term unemployed Ireland is committed to further increasing labour market participation levels and job progression rates, particularly, among marginalized and excluded groups.

Graph 2.1 (a) Overall Unemployment and Long Tem Unemployment Rates 1996-2002.



Source: CSO (QNHS 4th Quarter Data for each year)

2.1.2 Activating the Unemployed

The process of engaging with the unemployed has been progressively developed since its commencement in 1998.

Systematic engagement with the young unemployed (under 25) as they cross six months of unemployment was introduced in September 1998. This process was extended to adults (25-55 years) as they reach 9 months of unemployment in July 2000. The process of "full engagement" with all unemployed people (both flows and stocks) was introduced in Galway and Clondalkin in 2001. As a result of these pilots it was decided to extend the process to all areas on a phased basis by the end of 2003.

Of the 20,695 clients interviewed by FÁS in 2002, by January 2003, 5,094 are recorded as having entered employment, 2,445 had entered a FÁS training programme and 1,108 had entered other education/programmes. A further 5,906 of those interviewed had left the live register without notification of destination. The remaining interviewees had either been referred to a programme place but were still on the live register or were receiving ongoing support.

In addition to the range of active labour market measures available FÁS has introduced a Pathways programme to cater for participants where it is found that existing guidance, training or employment options are not suitable. The purpose of the programme is to identify the most appropriate development pathway for each participant.

As part of the efforts to address social inclusion in areas experiencing persistent and higher than average levels of unemployment a High Unemployment Area Programme was introduced. The objective of the programme is to identify and break down the barriers experienced by unemployed persons in accessing jobs, training, education and other progression options. During 2002, approximately 2,000 clients were catered for under this programme.

A High Supports Process, aimed at helping those experiencing particular employability barriers is being implemented in five pilot areas in 2003 involving a training fund of up to €2,500 per person.

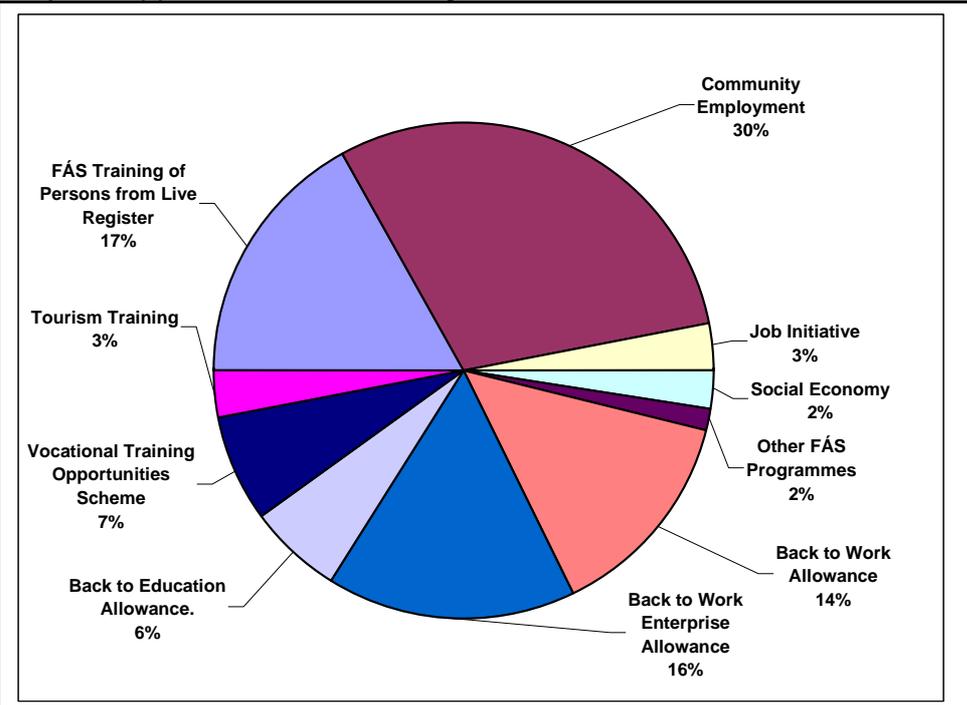
FÁS plays an active role in respect of company closures and layoffs. In coordination with the industrial development agencies and local organizations, FÁS puts in place a process of engagement with workers being made redundant.

2.1.3 Active Labour Market Programme Provision

Despite the considerable reduction in unemployment, particularly long-term unemployment, Ireland retains a large range and scale of Active Labour Market Programmes (ALMPs) aimed at facilitating access by unemployed persons (including long-term unemployed and other disadvantaged groups) to the labour market. To monitor this a number of indicators, currently based on national sources, have been developed. These are examined in annex A.

As of December 2002 there were 77,540 persons on Active Labour Market Programmes in Ireland. Graph 2.1.b outlines the various programmes and schemes available and illustrates the distribution of places among them.

Graph 2.1.3 (b) Active Labour Market Programmes 2002.



Source: National Data

2.1.4 Active Labour Market Policy Development

Over the last few years there has been a shift in emphasis from the provision of employment schemes towards measures that have a greater focus on employability. For example, the numbers on Community Enterprise (CE) Schemes have been reduced from a high of 40,000 per annum in 1999 to 20,000 at the end of 2003.

A review of all active labour market programmes is currently being undertaken. A key aspect of the review is the reorientation of the schemes to ensure the focus will be on the most marginalised and disadvantaged groups and placing the emphasis firmly on training and progression, including the enhancement of progression pathways between education, training and the workplace. Furthermore, a cross-departmental group is considering options for the future of Community Employment, taking account of the community services dimension. It is expected that this review will be completed before the end of 2003.

Guideline 2

Job Creation & Entrepreneurship

2.2. Context

The capacity to create jobs through indigenous and Foreign Direct Investment (FDI) channels has been the cornerstone of job creation during the past decade. In the context of an economic situation that has slowed markedly the challenge now is to secure the basis for future employment growth. Enterprise policy is being reoriented towards the promotion of higher value added investment by encouraging existing domestic and foreign companies to engage in knowledge activities and by inviting innovation orientated new FDI.

The Department of Enterprise, Trade and Employment, in its strategy statement for the period 2003-2005 outline the following strategy goals:

- Prioritising investment in science, technology and innovation and the development of the knowledge society
- Reviewing and updating industrial policies and interventions in light of the evolving competitiveness environment, developments in respect of the all island economy and the need for regional balance
- Developing and implementing policies to enhance the competitiveness environment, leading to the start up and growth of competitive firms, continued foreign direct investment and sustainable development

2.2.1 Research and Development

Ireland's strategic emphasis is on the continued expansion of our science, technology and innovation capabilities. Priorities include investment in the higher education sector, and attracting and developing human capital to achieve world-class Irish research excellence. Maximising the Research and Development (R&D) potential of industry and ensuring it can fully utilise the human capital and technological outputs of the investment underway is also critical to our development as a knowledge based society. This will be complemented by the attraction to Ireland of significant R&D activity.

The research environment in Ireland has been significantly altered as a result of the allocation of €2.5 billion to the Research, Technological Development and Innovation priority across a range of Departments and agencies under the NDP. Key investments aimed at building Ireland's research capability are now underway through Science Foundation Ireland (SFI), the Programme of Research in Third Level Institutions and through increased support aimed at enhancing R&D capabilities in industry and promoting collaboration between industry and the third level sector. National investments will be complemented by participation in the EU's Sixth Framework Programme.

While Ireland's Gross Expenditure on R&D (GERD) increased considerably in the period 1991-1999, further investment is needed. At 1.2% of GDP, Ireland's expenditure on R&D is significantly below the EU average and well short of the EU target of achieving a level of 3% of GDP by 2010. The National Development Plan has set a target of increasing GERD to 2% by 2006.

Ireland's Business Expenditure on R&D (BERD), at around 0.9% of GDP, is below the OECD average of 1.5% and has remained static since the mid-nineties.

During 2002 Enterprise Ireland invested €39 million in support of over 200 industry and third level R&D projects. This included:

- €26 million committed under the Research Technology and Innovation Competitive fund
- leveraging an additional €100 million in investment in industrial R&D projects
- €13 million in R&D Capability as part of a shared investment with companies of €43 million in R&D staff, equipment and facilities

Science Foundation Ireland

At the end of 2002 SFI had commitments in excess of €155 million to fund 80 world-class basic researchers and their research teams under five support programmes. In May 2003 SFI announced substantial research investment of €42 million over five years, in three new centres for science, engineering and technology.

These investments will create a set of research partnerships connecting Irish universities with their counterparts from world leading research corporations and some of Ireland's most promising ICT (Information and Communication Technologies) and biotechnology companies. They will aim to generate new ideas and products, train the research talent of the 21st century and produce high quality indigenous research and development.

Programme for Research in Third Level Institutions

The Programme for Research in Third Level Institutions (PRTLTI) has had a transforming effect in creating new research capacity and critical mass in the higher education sector. To date 17 out of a planned 33 new Research Centres have been completed. The programme has promoted inter-institutional co-operation on an unprecedented scale with 40 new inter-institutional programmes having been established. It has enabled strategic planning processes for research to be put in place at an institutional level with new research funding having been provided to 15 institutions, including 6 Institutes of Technology. Some 1,600 research posts are supported under the PRTLTI, creating a new potential for Ireland to be seen as an internationally attractive research base. This attractiveness is evidenced by a significant increase in the number of non-national researchers employed under PRTLTI programmes.

2.2.2 Employment Creation and Support through State Agencies

The slowdown in the economy is reflected by the fact that employment in Enterprise Ireland (EI) and Industrial Development Authority (IDA) supported companies decreased by 4,868 and 3,202 respectively during 2002. However the resilience of the Irish Economy is shown by the fact that these agencies managed to support the creation of over 23,000 jobs in 2002. A total of almost 280,000 jobs are accounted for in companies receiving support from these agencies.

Enterprise Ireland

In 2002, EI supported companies created 11,470 jobs of which 8,673 were first time job gains.

The overall EI assisted employment figure fell from 148,792 in 2001 to 143,924 in 2002 as a result of 16,338 job losses.

EI supported 148 investment projects in 2002, representing client investment commitments of €200 million. These included R&D, new high potential start-ups, expansions by existing companies, management and Human Resources development and e-business.

In terms of job creation EI supports companies by:

- Exploring new ideas and markets
- Assisting high potential start up companies by providing initial finance and sharing the risk dynamic
- Funding for existing companies to implement expansion plans
- Building competitiveness and increasing output by addressing productivity issues
- Providing Revised Research, Technology and Innovation competitive grants

EI's strategy for 2003 will focus on:

- Increasing the number of high potential start up companies by 50% a year over the next 3 years
- Stepping up investment in R&D initiatives
- Accelerating the commercialisation of research.
- Implementing the new Competitiveness fund for SMEs

City & County Enterprise Boards

The City and County Enterprise Boards (CEBs) are dispersed throughout the country at 35 locations. Their primary role is to promote, develop and support entrepreneurship and enterprise formation at micro (typically 10 employees or less) and local level, so as to develop and strengthen the sustainability of local economies and to provide and maintain sustainable employment opportunities within their remit. The promotion of viable and worthwhile ventures for the long-term unemployed, those made redundant and women re-entering the workforce is also a priority activity. During 2002, the CEBs provided financial assistance of €21.20 million in supports to micro-enterprises and helped create 2,275 full-time jobs.

Access to Capital for Start-ups and High Growth Potential Business

Business Expansion Scheme

This scheme provides investors with tax relief, at their marginal rate, in respect of an investment of up to €31,750 per annum in certain qualifying companies. The scheme has been extended on various occasions and has been extended to 31 December 2003.

The total funds invested in the scheme since its inception in 1984 to June 2002 were €1,174.6 million.

Seed Capital Scheme

This scheme provides a refund of tax already paid by an individual who sets up and takes employment in a new qualifying business.

The total funds invested in the Seed Capital Scheme between its inception to the end of June 2002 is estimated at €22 million and the total tax refunded during that period amounted to €11.4 million.

Venture Capital

In January 2002, Enterprise Ireland launched a major injection of liquidity into the Venture Capital (VC) market, investing €95 million in twelve new VC funds, which, it is envisaged, will leverage an estimated €400 million for investment in start-up and early stage businesses. 56% of the money available is to have a regional or sectoral focus. €57 million of Enterprise Ireland's commitment will be allocated to VC funds whose investment focus is in companies at start-up or the early stage of their development.

A €9 million VC fund to support existing companies and early stage start-ups with high export growth potential in the West and Border Counties, was launched by Enterprise Ireland in February 2002.

Competitiveness Fund for SMEs

This initiative was launched by Enterprise Ireland in May 2003 and aims to increase company competitiveness by achieving gains in output and productivity. Manufacturing and internationally traded services operating for at least five years are eligible for funding.

Grant aid funding is available for company initiatives such as:

- Capital investment in new or second hand machinery
- The implementation of techniques designed to achieve substantial improvements in operational performance
- Management and staff training
- The employment of a key person linked to productivity improvements

IDA

The IDA is responsible for securing new overseas investment and encouraging existing investors to expand and develop their businesses.

During 2002, IDA supported companies created 11,740 new jobs. There was some slow down in job losses, with 14,700 jobs lost compared with 17,800 in 2001. Consequently, total employment in 1,094 IDA supported company's fell by 2.3% during the year with a total of 133,246 now employed. The number of new investments secured in 2002 was up by two thirds on 2001. These projects are committed to creating 8,700 new jobs as they come on stream over the next few years.

The IDA's long-term objective is to secure high quality international innovation and investment, enabling Ireland to become a knowledge-based economy with world-class infrastructure, at the forefront of technological innovation and one of the top three most competitive countries in the world.

To this end, IDA strategy in the medium to long term will focus on:

- Renewing existing overseas companies in Ireland
- Finding appropriate replacement investments for company closures and job losses
- Promoting Ireland as a location for high value and skills based investments
- Researching new niche areas of business and building on Ireland's capabilities and reputation to attract and develop these new sectors

Review of Enterprise Policy

The Government established The Enterprise Strategy Group in July 2003 to advise on Ireland's future policy options for encouraging and generating growth and employment.

The Group consists of representatives of indigenous and foreign owned firms, a range of industrial sectors and includes venture capitalists, international academics and union representatives. The group is expected to publish its report by mid 2004.

2.2.3 Better Legislation and Regulatory Reform

As a continuation of Partnership 2000's commitment to Reducing Red Tape, the Report of the High Level Group on Regulation was published in November 2002. The report is a forerunner to a policy statement setting out the core principles that will guide the Irish approach to the framing, introduction and enforcement of legislation in existing and new areas.

One of the principal aims of the policy statement is to facilitate enterprise, and in particular small and medium enterprises, by not placing undue regulatory burdens on them.

In this regard, the Government is committed to the continued consolidation of competition law, income tax law, and excise laws. The process of regulatory reform set out in the policy statement will facilitate a system of Regulatory Impact Analysis to improve policy analysis and decision-making. It is expected that the policy statement on Better Regulation will be published by the end of 2003.

The first report of the Company Law Review Group on the reform and modernisation of company law was published in February 2002. The report focuses on simplification of the companies code with its general objectives being that the reformed and streamlined companies code should be effective, intelligible to company law directors and shareholders, and that the law should reflect how business is actually transacted.

The report makes recommendations aimed at simplifying the incorporation and registration of companies and the internal governance procedures of companies, thus facilitating cheaper and faster business start up and reducing ongoing regulation compliance costs.

The simplification will particularly benefit private companies, almost 90% of companies incorporated in Ireland are private companies and private companies are more likely to be small or micro operations. Work towards legislation giving effect to the recommendations of the Company Law Review Group is ongoing.

Facilitating e-business

Under Sustaining Progress, the Government is committed to encouraging e-business and e-commerce applications in firms. The Government has enacted a number of Acts underpinning e-business development including the Electronic Commerce Act 2000, the Copyright and Related Rights Act 2000 and the Communications Regulation Act 2002. The accelerated roll out of e-Government services for business in their dealings with State agencies will also continue to be supported.

Two e-business initiatives, administered by the Department of Enterprise, Trade and Employment were highlighted in the 2002 European Commission Benchmarking Report as examples of 'best practice' policies in evidence in Europe for helping SMEs to 'go digital'.

These were the Chambers of Commerce e-Business programme and the County Enterprise Boards Empower Initiative. A third initiative, Enterprise Ireland's Accelerator Fund was placed within the final 24 examples of best practice.

2.2.4 Encouraging Entrepreneurship/Training Industry Links

Second Level Education

The Transition Year Option, the Leaving Certificate Vocational Programme and the Leaving Certificate Applied programmes all provide for action learning approaches, community based learning and a work experience programme. As part of this approach mini-company activities are supported whereby students plan, develop and manage a mini enterprise. The Link Modules within the Leaving Certificate Vocational Programme provide for formal assessment of learning in this area, as do the Tasks carried out by students under the Leaving Certificate Applied programme. Overall, some 43,000 second level students engage in work experience each year as part of these 3 programmes.

As well as the emphasis on enterprise and work experience in the senior cycle second level curricula, a variety of voluntary and other agencies have been promoting links between schools and business, either in the form of 'Enterprise' schemes (such as Junior Achievement, Youth Enterprise Ireland, or Young Entrepreneurs) or, targeting young people in disadvantaged areas, the Stay at School Retention Initiative (SSRI), a number of the Area Partnerships and Business in the Community.

A national IBEC Business Education Links Scheme underway in over 100 schools strengthens the links between businesses and second level schools to provide students with learning experiences that prepare them to play an active role in the world of work and enterprise. This work is also supported extensively through the County Enterprise Boards and chambers of commerce

Third Level Education

At third level, entrepreneurship is encouraged by:

- Legislation which provides all third level colleges with a specific remit to support industry
- Provision of industrial liaison officers in all third level colleges
- Establishment of on campus business incubation units
- Graduate enterprise schemes
- Provision of courses, such as the Accelerated Technician Programme, which have a substantial in-company training element

Guideline 3

Change, Adaptability and Mobility in the Labour Market

2.3. Context

Social Partnership has been a pilot for change in the work place in Ireland over recent years. The partnership process has helped create an employment environment which emphasises adaptability, job security and improving living standards. As Ireland moves towards being a knowledge based economy, facilitating a balance between job flexibility and security will continue to be a priority for the Government and the social partners.

Ireland is committed to ensuring that employment rights legislation reflects ongoing change in the labour market. The Government will, in consultation with the social partners, continue to play a proactive approach in ensuring that current and any future employment rights legislation reflects the needs and expectations of both employees and employers, is framed in such a way as to respond to the needs of society as a whole, and reflects the ongoing changes taking place at pace in the Irish labour market.

2.3.1 Employment Rights

A number of provisions, which remove restrictive elements of existing legislation, encourage greater participation in the workforce and assist employees in achieving a better balance between work and private life are outlined below.

Maternity Protection

On foot of the recommendations of the Working Group on the Review and Improvement of Maternity Protection Legislation, maternity leave was increased from 14 weeks to 18 weeks and unpaid maternity leave from 4 weeks to 8 weeks, with effect from 8 March, 2001. The remaining recommendations of the Working Group require new legislation. In this regard the Maternity Protection (Amendment) Bill was published on 2 May 2003. It is expected that the legislation will be enacted by the end of 2003. Adoptive leave entitlements have been increased in line with maternity leave improvements and it is expected that further amendments to the Adoptive Leave Act 1995 will be enacted in 2003.

Parental Leave

The review of the Parental Leave Act 1998, which was carried out in conjunction with the social partners, resulted in the publication of a report in April 2002 entitled Report of the Working Group on the Review of the Parental Leave Act 1998. The Government is committed under Sustaining Progress - Social Partnership Agreement 2003-2005 to strengthening the Parental Leave Scheme in line with the agreed recommendations of the social partners arising from the Working Group on Parental Leave. The Department of Justice, Equality and Law Reform are currently examining the Working Group's recommendations in detail with a view to bringing concrete proposals to Government. It is expected that legislation to strengthen the existing Parental Leave provisions will be published and enacted in 2004.

Protection of Employees Fixed-Term Work Act 2003

This Act which implements a EU Directive and gives employment rights entitlements to fixed-term contract workers. At present, 70,000 workers or just fewer than 4% of the Irish labour force are employed on fixed-term contracts.

Pension Reform

Occupational mobility is being promoted with the recent introduction of Personal Retirement Savings Accounts (PRSAs), a low cost, easy access, and long-term personal investment account designed to allow people to save for their retirement in a flexible manner. The new accounts are aimed particularly at people who do not have an occupational or private pension coverage and will complement the Social Welfare pension.

2.3.2 Health and Safety in the Workplace

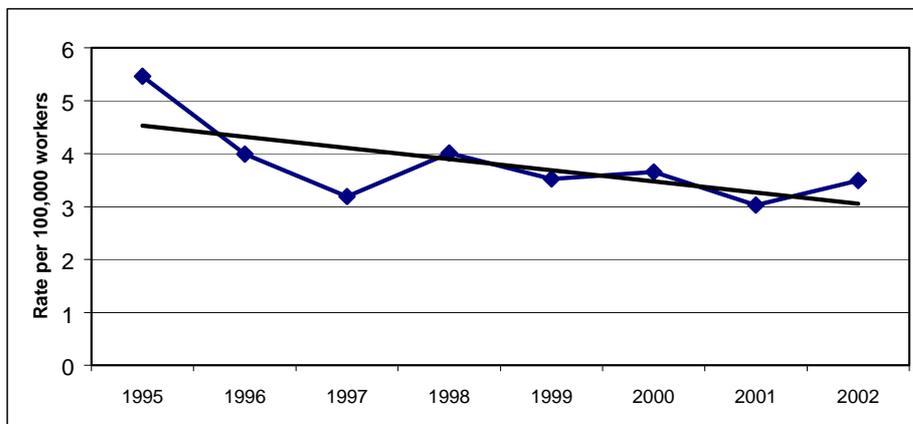
Work has commenced on updating the Safety, Health and Welfare at Work Act, 1989. The aim is to significantly strengthen provisions dealing with safety management, safety training, safety consultation, safety representation, offences and penalties. It is anticipated that the Bill will be published by the end of 2003. Ireland is committed to further improvement of working conditions through the implementation and enforcement of Health and Safety Directives.

As the graphs indicate, the overall downward trend in the rate of workplace deaths and injuries continued in 2002.

There was a 5% reduction in the number of workplace fatalities in 2002. 61 persons died as a result of workplace injuries, i.e. 3.49 per 100,000 workers.

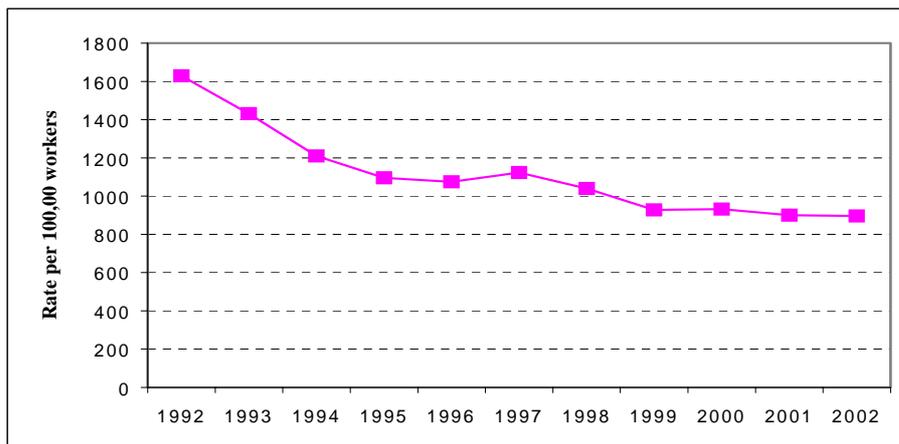
The rate of non-fatal injuries declined, with the rate of occupational injury benefit claims continuing to show a modest reduction.

Graph 2.3.2 (a) Fatality Rate per 100,000 workers 1995-2002



Source: Health and Safety Authority

Graph 2.3.2 (b) Occupational Injury Benefit claims per 100,000 employees, 1992-2002



Source: Health and Safety Authority

2.3.3 Work/Life Balance

National Framework Committees for Family Friendly Policies have been established under the Partnership Agreements. Comprising of the Government and the social partners its mandate is to support and facilitate the development of work/life balance policies at the level of enterprise. One of the committees' key tasks is to examine how best to improve access to family friendly working arrangements so that the potential benefits that these arrangements offer in regard to equality and competitiveness can be fully realised. A module on the length and pattern of working times conducted by the CSO in late 2001 showed that over a fifth of all persons in employment at that time planned and scheduled their own work and working times.

e-Working

Nearly 10% (148,100) of persons in non-agricultural employment work from home to some extent and almost 60,000 of these uses a computer with a telecommunications link. Of the latter, 38,700 are home-based tele-workers, i.e. persons for whom a computer with a telecommunications link is essential for them to be able to work from home. The vast majority of tele-workers are aged between 25 and 54 and the pattern is the same for both males and females. Tele-working is also highly correlated with level of education with over 70% having a third level qualification compared with just over 40% of the non-agricultural workforce in general.

Enterprise Ireland established a programme of research to examine the nature of e-working in Ireland. The Key findings of this research from 2002 are as follows:

- Between 2000 and 2002, the proportion of Irish businesses with one or more employees e-working was at 10%. Although the results of the survey show a decline from the high of 12% recorded in 2001, maintaining the levels recorded in 2000 can be viewed as a positive development, in view of the recent changes in the economy
- The number of employees in those companies who e-work increased, from 4.5 employees in 2000, to an average of 5 employees in 2002, an increase of approximately 11%. This positive development between 2000 and 2002 is tempered somewhat, compared to the results for 2001, which recorded an average of 6 employees

The e-Work Action Forum provided a focal point for the ongoing development of an environment which would stimulate e-work employment opportunities and ensure that this method of working achieved its full potential in contributing to economic growth and an improved quality of life.

The forum sponsored a number of initiatives to increase the up-take of e-working. These included:

- An e-work business awareness campaign aimed at increasing the awareness of the benefits of e-working
- The endorsement of a Code of Practice on e-working by the social partners
- The Revenue Commissioners issued a leaflet clarifying the tax code in relation to employees engaged in e-work arrangements
- Questions on e-work were included in the Central Statistics Office's Quarterly National Household Survey in autumn 2002. The CSO has also agreed to add some questions on e-working to a Eurostat module on ICT issues which will be undertaken in the third quarter of 2003
- To facilitate an increase uptake in e-working options a training course on the competencies necessary to support e-work arrangements was launched by FÁS in 2002

Workplace of the Future

The Forum on the Workplace of the Future will consider how the world of work is evolving and how workplaces can proactively adapt to deal with competitive pressures, improve the delivery of public services and cater to the changing needs and preferences of workers. The Forum will provide a framework for addressing issues and implications of workplace change in a comprehensive, forward-looking way. A central challenge is to establish how well workplaces in Ireland are placed to meet the challenges of the twenty-first century.

Guideline 4 Human Capital and Lifelong-Learning

2.4. Context

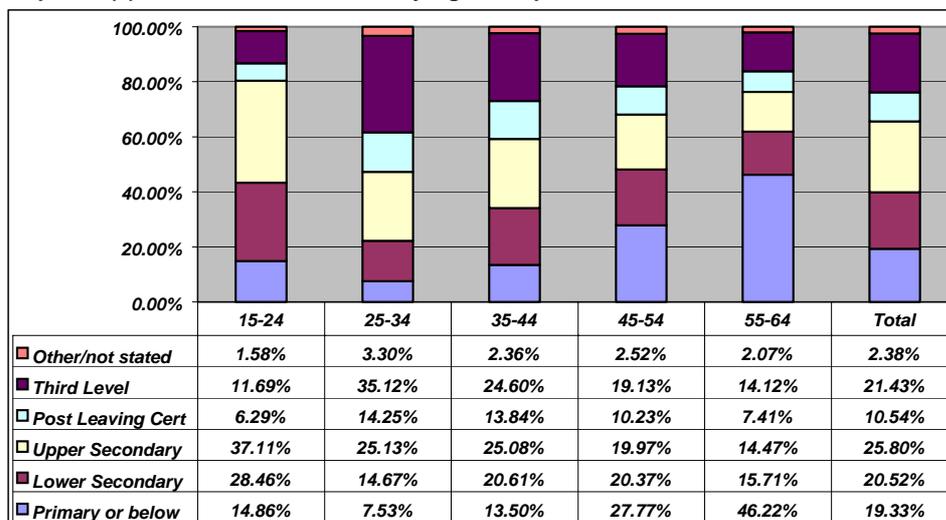
High levels of participation in continued education and training are key factors in increasing economic productivity and competitiveness, creating an environment for innovation and minimising unemployment and fostering social inclusion.

To best meet the changing labour market needs that contribute to economic growth Ireland is committed to establishing a high skilled adaptable workforce. To this end we will continue to encourage investment in training by employers and develop programmes to facilitate employees adapt their skills through further training, re-skilling and lifelong-learning.

In July 2003 the Expert Group on Future Skills Needs published a benchmarking process on education and training, measuring Ireland against other developed countries. This process will allow developments which impact on education and training to be assessed, progress to be monitored and targets to be reviewed. 11 key indicators, both short and long term, were selected for examination. These indicators will be reviewed on an annual basis and additional indicators included where appropriate.

If Ireland is to become a leading knowledge based global economy it is crucial to continuously adapt and upgrade our knowledge, skills and competencies. Lifelong Learning is about creating more and better employment opportunities accessible to all citizens. Under Sustaining Progress the Government and the social partners are committed to the continued promotion of Lifelong Learning. The graph and table below illustrate the highest educational attainment of the population by age as of the second quarter 2002.

Graph 2.4 (a) Educational Attainment by Age Group.



Source: CSO (QNHS 2nd Quarter 2002 data)

2.4.1 Lifelong Learning

The Report of the Taskforce on lifelong learning (October 2002) and the white paper on adult education will form the strategic framework for the progression of lifelong learning. The framework established by the Taskforce on Lifelong Learning has the following essential elements:

- Ensuring basic skills for all
- Providing comprehensive & coherent guidance and information
- Addressing delivery, access and funding issues
- Providing learning opportunities for workers
- Developing and implementing the National Framework of Qualifications

The National Adult Learning Council (NALC) has been designated as the body to co-ordinate, review and report on the implementation of the recommendations of the Taskforce Report. The NALC was established in March 2002 as an executive agency of the Department of Education and Science. It brings together key stakeholders in adult learning - education, training, employer, trade union, learner and community and voluntary interests. The Government is committed to working with the social partners through training and education providers, as well as certifying authorities, to dissolve institutional barriers and seek to implement co-ordinated institutional approaches on the most efficient and effective means of providing lifelong learning to the population as a whole.

Ireland is already making substantial progress in a number of areas, including:

- The development of the National Framework of Qualifications
- The Accreditation of Prior and Experiential Learning (APEL)
- The setting up of an IT Fund with an initial allocation of €12 million, which is being administered by the Higher Education Authority. The IT Fund is to support education and training in the area of ICTs
- The learning needs of young people, who leave school early and have taken up employment, are being addressed under the Education (Welfare) Act, 2000
- The compilation of a web enabled register of accredited trainers
- The extension of the range of courses available outside of standard working
- The Training Networks Programme has been extended with funding of €15 million approved over three years. The new mandate has a special focus on the lower skills and gives a greater focus on the dissemination of best practice
- The Institute of Engineers of Ireland's Continuing Professional Development Programme is now in operation with funding support from the National Training Fund

Consistent with the EU Memorandum on Lifelong Learning which encourages the promotion and development of new methods and contexts for the delivery of learning, in the period 2002-2005 FÁS is committed to:

- Increasing its ability to innovate, adapt to and support the learner's changing needs
- Adopting new strategies and use new technology to deliver learning
- Reducing barriers to accessing learning
- Investing in well-trained and motivated staff

Recent developments in electronic courseware assist in the development of ICT-based learning technologies, which address these strategic objectives. They represent a major shift towards user-oriented learning systems that allow progression and accreditation across institutional boundaries, sectors and levels. FÁS will use a blended learning approach entailing a mix of traditional methods and new opportunities opened up by web-enabled learning technologies.

FÁS Net College offers distance learning and development opportunities, through the medium of the Internet. FÁS Net College supports life long learning by joining knowledge with technology to produce a meaningful learning experience through on-line distance training.

2.4.2 In-Company Training Measures

In 2002, FÁS focused on improving the productivity and competitiveness of Irish companies in selected sectors by providing advice and assistance to companies in identifying and meeting their HR (Human Resources) development needs. Up-skilling the workforce to improve the ability of companies to respond to new technologies and work practices was also emphasised. Attention was also paid to improving the ability of SME managers to identify and plan their training needs.

An ESF-supported In-Company Training measure was initiated in 2002 to promote the training and up-skilling of people in employment.

The measure will supplement existing activity in this area by FÁS and Enterprise Ireland. The measure will adopt a group-based approach and will include actions in which the social partners take the lead.

Competency Development Programme

The Competency Development Programme was launched by FÁS in May 2003 and replaces the Training Support Scheme and the Construction Incentive Training Scheme. It aims to assist employers raise the competency level of targeted employees in particular occupations within specific sectors.

The proposed training will be targeted at a limited number of key skill needs, identified by research and /or consultation with the relevant industry/business stakeholders and other agencies. FÁS is committed to providing a substantial contribution towards the cost of training. It is envisaged that the scheme will run until the end of 2006.

Excellence Through People

Excellence Through People is Ireland's national standard for HR development. It has been welcomed and supported by employers, their staff, trade unions and the Government. Ireland and Britain are the only two countries in the world to have developed a recognised national standard in this area. Excellence through people aims to:

- Encourage the development of employees to their full potential so as to maximise their contribution to the specific needs of the organisation
- Show recognition for organisations that have achieved this aim

By the end of 2002, 234 companies had received the award, compared with 164 at the end of 2001. FÁS expects that the number of companies with this award will increase in 2003 and beyond.

2.4.3 Education

A fundamental goal of the NAPS is encouraging people to remain in education and to support the acquiring of skills which will enable them to find employment and lift them out of poverty.

The key targets identified are:

- Halving the proportion of pupils with serious literacy difficulties by 2006
- Reducing the proportion of those aged 16-64 with restricted literacy to below 10-20% by 2007
- Reducing the number of young people who leave school early, so that the percentage of those who complete upper 2nd level or equivalent will reach 85% by 2003 and 90% by 2006

In 2002 (Q2), 59% of the adult population (15+) had achieved an upper secondary level education or higher. This was a slight increase on the 2001 (Q2) level of 58%.

This figure is below the OECD average rate of 64%, ranking Ireland 16th out of 20 benchmarked countries.

However, 62% of those who complete upper secondary education continue to attain a post-secondary level education. This is the 2nd highest rate among the countries assessed

Over the past number of years, participation in higher education, across all types of institutes, has increased. Between 1996 and 2001, the number of students increased by 27%.

The 2002 OECD report "Education at a Glance" ranked Ireland 13th out of 15 countries surveyed with only 22% of those aged 25-64 participating in continued education and training within a 12 month period. However, trend statistics for Ireland show an encouraging increase in participation by the employed in education/training over recent years. These figures show that the percentage of employed 25-64 year olds that received education/training in the four weeks before being surveyed had risen from 4.6% in 1991, to 6.1% in 1996 to 8.3% in 2002.

Investment in adult literacy has increased 18 fold since 1997. Participation in adult literacy schemes has increased to 28,000, and tuition and awareness television programmes have reached audiences varying from 130,000 to 230,000 per week. Workplace literacy programmes have been developed, as well as family learning programmes and initiatives aimed at those for whom English is not the mother tongue.

Skills Provision

At primary level attention is being applied to the development of core communication skills literacy and numeracy, the motivation to learn, and utilizing ICTs to enhance learning. Basic knowledge and understanding of scientific principles and methods are also provided for.

The Expert Group on Future Skill Needs completed a report on Soft Skills in 2003. It drew attention to the increased importance of soft skills in the high performance work organisations and the knowledge society more generally. It recommended that more explicit attention to the development of such skills was needed throughout the education and training systems.

These skills, allied with the development of competence in a second language, form an important basis for lifelong learning, and for embedding a culture of education and enterprise.

Blueprint for the Future of ICT in Primary and Secondary level Education

A cornerstone to building a knowledge-based economy is enhancing the use of ICTs in Primary and Secondary level Education. Under the Blueprint, a total capital grant aid of €78.72 million was allocated for the support of ICTs in schools. Some €45 million of this allocation has issued directly to schools in 2001 and 2002. This includes a provision of over €5 million specifically for the ICT equipment requirements of pupils with special needs.

The Government has also supported a programme of ICT training in which every teacher is given the opportunity to gain requisite ICT skills. Up to early 2003 over 75% of teachers had availed of this service.

Curricular Reform

Major curricular reforms have been introduced since 1994/95 to strengthen the vocational and technical dimension of senior cycle second level programmes, to promote multi-skilling through the linking of related technical and/or business subjects, allied with a continental language, ICT and a work experience programme and through an applied approach which encourages practical community based experiential learning. This is in keeping with the approach recommended in the Lisbon agenda to ensure basic skills for all. The overall thrust of these reforms is to offer a broadly based relevant education with a range of choices and levels to meet diverse interests and needs, and to encourage as many students as possible to remain in school to completion of upper second level education. The Schools IT Initiative and language initiatives also play an important role in this.

Second Chance Education

The White Paper on Adult Education set out a comprehensive strategy to promote adult education as a vital component in a continuum of lifelong learning. Key recommendations were to invest in adult literacy as the top priority, and to provide a national Back to Education Initiative offering flexible part time options specifically aimed at very marginalized groups, and young people and adults with less than upper second level education. An adult basic ICT Skills Programme forms part of the initiative. The aim is to expand options on a phased basis with a view to having 20,000 extra places per annum in the system by 2006. 6,000 places were provided in 2002.

Second chance education and training programmes for the unemployed and for marginalized groups, apprenticeship programmes, Post Leaving Certificate courses and initiatives to broaden access to third level courses, and to strengthen staff development and quality assurance in the education and training sectors form an important part of this process.

Back to Education Initiative

The Programme for Government 2002 commits to developing adult education services to the stage of offering a 'Second-Chance Guarantee'. Individuals who left school without completing the junior-cycle will be offered the chance to participate on an adult education course.

The objective of the Back to Education Initiative (BTEI) is to make further education provision more accessible to all by enhancing the capacity of the formal education sector to meet the changing needs of individuals, communities and society. The BTEI provides opportunities to return to learning for young people and adults (particularly those facing barriers to participation), a re-entry route for those in the workplace wishing to upgrade their skills in line with emerging needs, and with its emphasis on part time provision, the chance to combine flexible education and training opportunities with family, work and other responsibilities. It is hoped to increase participation on a phased basis from 32,000 at present to 52,000 per annum by the end of 2006.

A management information system will be developed to track the participation of different groups in further education and to support targeting of resources and evidence based decision-making. The impact of the current funding strategy on the participation of different groups within the BTEI will be carefully monitored. The Department of Education and Science will continue to invest in enhancing the data available to improve the participation of disadvantaged groups in school and in higher education.

Youthreach

This programme offers second chance education and training to 15-18 year olds who have left school without formal qualifications. The programme aims to integrate the unskilled into the labour force and promote a pattern of lifelong learning. Participants sample general vocational skills, develop their literacy and numerical skills, and identify and pursue further training and career options. Guidance and counseling and childcare services are available for participants. There is also a work experience element to the programme which overall, lasts 2 years. Certification is provided through the Further Education and Training Awards Council (FETAC) the Leaving Cert Applied, and through subjects in the Junior and Leaving Certificate. There are approximately 3,000 VEC Youthreach places with spending for 2002 totalling €34.153 million. Youthreach, the Senior Traveller Training Centres and the FÁS funded Community Training Centres form part of a joint early school leavers programme catering for some 7,162 participants in over 130 centres (30 Traveller centres, some 77 Youthreach centres, both provided by the VECs, and a network of 35-40 Community Training Workshops provided by FÁS).

Vocational Training Opportunities Scheme (VTOS)

VTOS provides second chance education and training for adults aged 21+ who have been receiving an unemployment payment or signing for credits for at least six months. Lone parents, dependant spouses and persons with disabilities who satisfy these criteria are also eligible. The programme is of 1-2 year's duration, and participants may choose from a range of options including Foundation, Level 1, Level 2 or 3 within FETAC, subjects in the Junior or Leaving Certificate or a portfolio approach to certification. While on the programme trainees receive an allowance in lieu of welfare entitlements. Childcare support is also available to encourage parents to participate in the programme.

VTOS programmes are provided by VECs, either in an in school or out of school setting. The programmes may be delivered either as a VTOS stand-alone core group, or participants may also be dispersed on other programmes (e.g. Post leaving Certificate Courses).

Local referral networks are in place linking VTOS with welfare, FÁS and employment services. Expenditure totalled €46.814 million in 2002, with 5,708 pupils accommodated in approximately 100 centres.

Expert Group on Future Skills Needs

An Expert Group on Future Skills Needs which includes representation from industry, education and training sectors, the social partners and industrial development agencies, has produced a number of reports for Government identifying emerging skills gaps and recommending a strategy to address them. This has led to major increases in investment in such areas as computer and technician training, languages and tele-services, the physical sciences, and engineering. A Task Force on the Physical Sciences has published a report setting out recommendations to strengthen the role of science, engineering and technology at all levels of the education system

Guideline 5 Labour Supply and Active Ageing

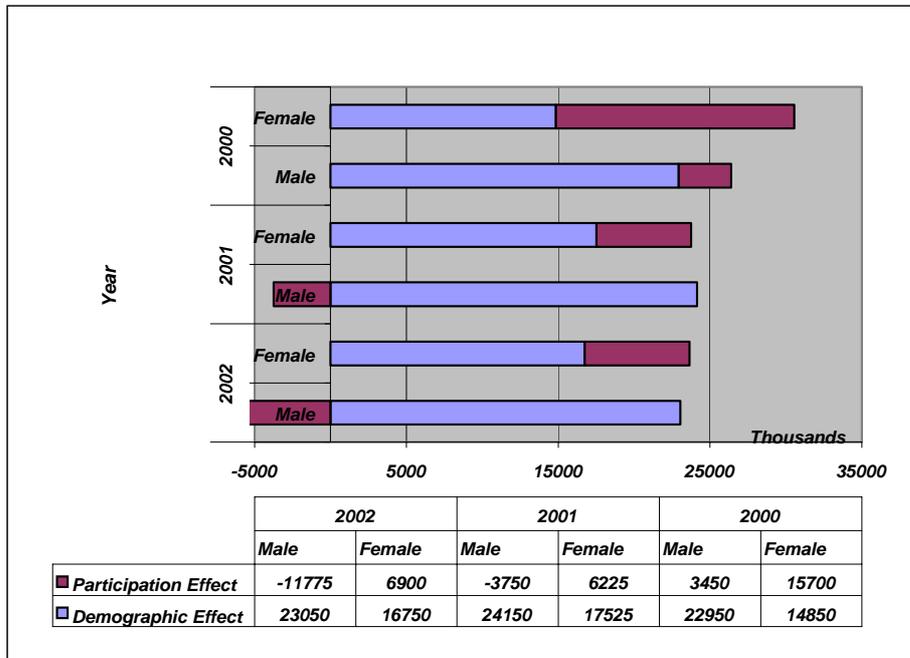
2.5. Context

The national sources which can be drawn on to boost the size of the workforce are: the unemployed, the economically inactive who are not unemployed, the underemployed female workforce and the older employed who are likely to leave the workforce. Immigration is another option.

Since the mid 1990's, growth in the Irish labour force has been driven by two principal factors. First, the expansion of the labour force reflected growth in the population of working age, due to a natural increase in the domestic population, and net inward immigration. Second, labour force growth was augmented by rising labour force participation rates among those of working age; primarily women. Labour force growth was also facilitated by the introduction of employment-friendly taxation and activation policies designed to encourage all age categories to stay in or return to employment.

Graph 2.5 (a) illustrates the components of labour force growth, broken down by gender, for the years 2000 to 2002.

Graph 2.5. (a) Labour Force Growth Components 2000-2002



Source: CSO

The Irish economy is unusual in its demographic structure. The share of the population in the working age groups is high and will continue to increase for some time to come. As a long-term response to ageing population, the Government has set up the National Pensions Reserve Fund, which plans to save 1% of GNP per annum, the proceeds of which will part-fund the state's pension liabilities after 2025.

Skill, and subsequently, labour shortages became an important feature of the latter years of the Irish economic boom. These shortages have had implications for a number of areas including employers' ability to expand their business and confidence in investment decisions. However, with the slow down in the economy and the increase in the overall labour supply the situation has eased considerably.

2.5.1 Female Participation

The female participation rate rose by around one third over the course of the 1990s. Cultural changes, improving labour market conditions and most significantly, rising educational attainment have all contributed to this rise. Measures which encourage greater levels of female participation in the workforce include tax incentives, making child income support more neutral vis-à-vis the employment status of parents and a greater commitment to flexible, family-friendly working arrangements. The Equality Authority also highlights ongoing issues of workplace discrimination for women in relation to equal pay, promotion and pregnancy related discrimination.

2.5.2 Immigrant Participation

Due to employment and work patterns, changing demographics and lifestyles, migration to Ireland will continue to play an important role in our economic and social development. Attracting immigrants to augment domestic skills represents an additional source of labour supply. A balanced approach to immigration is being developed to meet future labour market needs, based on the need to meet selected skills needs. During 2002 over 40,000 work permits were issued compared with 36,000 in 2001.

The Employment Permits Act was enacted in April 2003 to allow nationals of the ten Accession States (Poland, the Czech Republic, Hungary, Slovenia, Slovakia, Lithuania, Latvia, Estonia, Malta and Cyprus) to take up employment in the Irish labour market after Accession (1 May 2004) without requiring a work permit. The Act provides that a work permit requirement may be reintroduced for nationals of these states should the labour market suffer a very serious disturbance in the first few years following accession.

The Act also states explicitly the requirement for an employment permit where it is proposed to employ a non-EEA national. It creates a criminal offence for both an employee and an employer where a contract of employment is entered into in the absence of such a permit.

The EU Accession Treaty, signed on 16 April 2003, contains a provision requiring Member States, when considering employment permit applications henceforth, to give preference to applications in respect of accession state nationals. In light of this requirement, the Department of Enterprise, Trade and Employment will be giving preferential consideration to applications for work permits in respect of accession state nationals in the months ahead. It is expected that employers will be able to fill the majority of their labour needs from the extended European Union

In April of this year, the work permit system was further tightened through the introduction of a list of occupational sectors where work permits applications would no longer be accepted from employers. These are occupational sectors where it has been determined, on the basis of experience and local labour market analysis, that appropriate skills exist in sufficient quantities. On the other hand, where specific skills are determined by FÁS and the Department to be in short supply, employers may continue to make a work permit application. These occupational sectors are to be reviewed on a quarterly basis and modified as necessary.

2.5.3 Older Workers

Changing demographics have resulted in ageing populations in many EU countries. For each pensioner in Europe there are on average, 3.5 workers who contribute to the retirement income of that pensioner. By 2020 this ratio is expected to be 2.5: 1. In Ireland the current ratio is 5 people of working age (15-64) to every 1 pensioner aged 65 years and over and this ratio is not expected to reach 3:1 until the year 2025. Nonetheless, Ireland is committed to a policy of active ageing which will be addressed in the medium to long-term through the following:

- Changing the attitude of employers
- Up-skilling and re-skilling
- Flexible working arrangements
- Social security and tax provisions

A thematic review of policies to improve labour market outcomes for older workers is being undertaken by the OECD, Ireland through FÁS is participating in this process. In accordance with the Programme for Government, the Department of Social and Family Affairs (DSFA) is committed to facilitating and supporting older people who wish to remain in or access employment.

The Department intends to review how older people can extend their working life without being financially or socially penalized and will seek to remove financial disincentives and the requirement on those aged 55-66 to retire in order to qualify for pensions.

Increases of over 20% in the income tax exemption limits for those aged 65 and over were introduced in the 2002 Budget. The re-focusing of the employee strand of the Back-To-Work Allowance scheme in favour of the longer term and older unemployed people in line with the findings of the evaluation of the Back-to-Work Allowance scheme published in December 2000 will also be beneficial in this area.

Pre-Retirement Allowance is paid to long-term unemployment assistance recipients aged from 55 to 65 years on declaration of retirement from the workforce.

A number of disincentives to this group returning to the workforce have been removed since 2002. Changes to the scheme will enable PRETA customers who leave retirement to take up a job, to return directly to PRETA in the event of subsequent unemployment.

The target of removing of all those on the minimum wage from the tax net in An Agreed Programme for Government will also encourage older workers back into the labour force.

Guideline 6 Gender Equality

2.6. Context

In October 2002 the Department of Justice, Equality and Law Reform (DJELR) published Ireland's Report to the United Nations on the National Plan for Women 2002. The Report details Ireland's existing commitments to advancing the status of women in Irish society. In preparing this report DJELR engaged in an in-depth consultation process with women's organisations, non-governmental organisations, the social partners, and other stakeholders. The views expressed have been published in a separate report entitled Aspirations of Women collected in the course of the Consultation Process on the National Plan for Women 2002: Towards a National Women's Strategy.

Each Government Department has been asked to take account of the Report to the UN and to take note of the Aspirations of Women report when formulating and reviewing policy and implementing programmes.

Arising from the Report to the United Nations on the National Plan for Women 2002, the Government made a commitment in Sustaining Progress to develop a five-year National Women's Strategy to build on progress in advancing the position of women in Ireland over the coming years. DJELR is now considering how best to advance the development of this strategy.

2.6.1 Gender Mainstreaming

The NDP Gender Equality Unit in the DJELR provides training and advice on gender mainstreaming across the National Development Plan and also monitors the implementation of gender mainstreaming within the Plan. Work in 2002 included the following:

- Updating a database of gender disaggregated statistics relevant to NDP areas
- Commissioning a survey of women and men in business and as entrepreneurs
- Publishing fact sheets outlining gender equality issues and policy responses in relation to IT and e-commerce, research & development, and tourism
- Providing training courses on gender equality issues (e.g. tourism)

The Gender Equality Unit will continue to provide a full range of services to promote gender mainstreaming including commenting on the progress reports to Monitoring Committees.

2.6.2 Gender Pay Gap

Based on ESRI (Economic and Social Research Institute) data the gap between male and female average hourly earnings declined by 0.3%, from 15% to 14.7%, between 1997 and 2000. One of the contributory factors was the introduction of the statutory minimum wage. The national data shows variations in the gap between different sectors, for example a 24% gap in the manufacturing industry, reflecting in part the over-representation of women in low paid jobs in some sectors.

A sectoral analysis of the gender pay gap in the IT, Food and retail sectors of the economy has been completed, culminating in an international conference held in Dublin in February 2003. The project, led by Ireland in collaboration with partners in Northern Ireland, Finland and Sweden, was co-funded by the European Commission under the EU Gender Equality Programme 2001-2005.

The Consultative Group on Male Female Wage differentials, set up under the Programme for Prosperity and Fairness and reaffirmed in Sustaining Progress has agreed its proposals for action/s to address gender pay gap issues and the report will be submitted to Government in September 2003.

Research is being undertaken on the early labour market experiences of graduates. A conference on the gender pay gap for the local government sector is also being organised.

The Irish Congress of Trade Unions (ICTU) is developing a project in relation to the gender pay gap. The project will develop toolkits for managers, officials and activists to increase awareness raising skills, gender impact assessment and training needs analysis skills, and will develop capacity to strengthen equality policy within trade unions.

2.6.3 Equality for Women

The Equality for Women Measure is a positive action initiative for women, which is also developing learning in relation to the gender mainstreaming approach. The Measure currently funds 70 projects nation-wide including 23 projects, which are co-financed from the European Social Fund. At the end of 2002 over 2,300 women had participated in training and development courses a number of which were concerned with increasing women's role in decision-making. A further 2,500 had availed of services provided by projects. The key effectiveness indicator for the Measure is that 32 organisations will have developed new approaches to implementing gender equality by end 2003. The target for 2006 is 55.

The Measure has demonstrated the benefits of a gender-sensitive approach. Across a range of projects seeking to enhance women's participation in education, training and employment, the Measure has shown that when service providers recognise and respond to the distinct nature of women's lives, a significant increase in both take-up and successful outcomes can be achieved.

Funding for the Equality for Women projects in the period up to December 2002 was approximately €5 million. A further €9 million has been allocated to these projects some of which run to 2005. A further round of project funding is planned for the period 2004-2006.

The Equality Authority has commenced a programme of support for Employment Equality Reviews and Action Plans in Enterprises with funding from the Equality for Women Measure.

Equality for Women Initiatives

The Ballymun Job Centre's project will identify the factors leading to under-utilisation of skills by disadvantaged women who have undergone training, and will develop an accredited career development package based on the findings to increase participation in skilled employment. In addition, the SITPU trade union is engaged in a project focused on the health service – a major employer of women – to determine the reasons for non- progression among non-officer grade female employees, and to learn more about their aspirations and training needs.

The Irish Productivity Centre is an independent organisation supported by the social partners. The centre is developing a model of training/development targeted at key personnel at enterprise level who influence access to professional development and progression opportunities, so as to increase their competence to promote greater gender equality in the workplace.

The Mentorlink project is promoted by the Institute of Technology Tallaght and is working on a mentoring model to increase the participation of women and support the development of their careers in engineering. In addition, University of Limerick has developed a Certificate in Foundation Studies in Science & Technology for Women, delivered on an outreach basis, so as to promote access to third level study in these areas.

Gateway for Women is a FÁS initiative which offers a re-integration option for women returning to the workforce through personalised supports and access to mainstream training, if required. The project was established in 2002 on a pilot basis in Dublin North, Dublin West and Galway. It is jointly funded by FÁS and the Equality for Women Measure. The process is to be extended to Dublin South and Border Counties by the end of 2003.

The Women-in-Business initiative under the Micro-enterprise Measure specifically promotes the development of women's business skills, networks and entrepreneurship as a means of addressing the barriers affecting would-be women entrepreneurs.

The percentage of projects supported by the City and County Enterprise Boards promoted by female entrepreneurs in the year 2002 was 29%. The level of female participation in enterprise-related training courses in 2002 was between 55% and 60%, reflecting a strong level of interest by women in new and small enterprise start-up and development.

2.6.4 Childcare Services

Over 73,000 families, or 42.5% of all families with pre-school children regularly rely on non-parental childcare arrangements for minding these children during normal working hours. Almost 23,000 families relied on Unpaid Relatives for minding pre-school children on a regular basis and over 19,000 of these indicated that it was their main source of childcare.

The Government is committed under the National Development Plan to meeting the diverse needs of parents and children, including key target groups, through supporting the development of childcare services that are accessible and of high quality. The Department of Justice Equality and Law Reform is leading the co-ordination of childcare service delivery over the course of the NDP and has established structures to bring the key players together at national and local level to ensure effective development.

NDP/CSF Equal Opportunities Childcare Programme

The total childcare budget allocation for the Equal Opportunities Childcare Programme up to 2006 is €436 million. The principal aim of the Programme is the development of quality childcare to meet the needs of parents in employment, in training or in education. As of June 2003, a total of €206 million has been committed under the Equal Opportunities Childcare Programme, of which €179.9 million has been allocated directly to childcare providers who fulfil the Programme's requirements. It is estimated that the funding allocated from 2000 to date will, when fully drawn down, support over 47,680 childcare places, 23,961 of which will be newly created places throughout Ireland. Despite this investment, the attainment of the EU targets certainly presents a challenge.

Table 2.6.4 (a) NDP Targets for Childcare Measures

	S&E Region		BMW Region		National	
	2003	2006	2003	2006	2003	2006
No. of new facilities established	330	580	120	220	450	800
No. of facilities upgraded	500	880	180	320	680	1,200
Increased no of childcare places	30%	50%	30%	50%	30%	50%
No. of childcare workers supported	1,100	2,000	450	800	1,550	2,800
Increased no. of trained childcare workers	300	600	150	300	450	900
No. of local childcare networks established	20	20	13	13	33	33
No. of National Voluntary Childcare Organisations supported	9	9	9	9	9	9

County Childcare Committees have been established to advance childcare service provision at a local level with the strategic objective of advancing the provision of quality childcare services within the local areas through:

- The development of a co-ordinated strategy for childcare provision in the area based on analysis of needs and overseeing effective implementation against targets
- Development of an information strategy concerning the provision of childcare within the county
- Development and support of local countywide networks and initiatives, which target all categories of childcare providers

City and County Enterprise Boards

Greater participation of Women in the workforce, and in the development of enterprises, is facilitated through the provision of financial assistance towards Childcare projects. The boards have supported childcare enterprises under the following Programmes:

The CEBs approval capacity to childcare during 2001 amounted to €2.275 million yielding a job potential of 455 full time and 119 part-time. A total of 267 projects were approved for financial assistance. Of the financial assistance approved project promoters drew a total of €2.012 million. Under the Regional Operational Programmes 2000-06 CEBs approved a total of €0.627 million to 78 childcare enterprises yielding a job potential of 143 full-time and 23 part-time positions.

Guideline 7

Promoting Integration, combating Discrimination and tackling Disadvantage in the Labour Market

2.7 Context

The Employment Equality Act 1998 prohibits discrimination in relation to employment on grounds of gender, marital status, family status, sexual orientation, religion, age, disability, race and membership of the Traveller community.

The 1998 Act is complemented by the Equal Status Act 2000, which prohibits discrimination on the same nine grounds in relation to the goods, facilities and services. The Employment Equality Act will be amended during 2003 to give effect to the employment aspects of Directives 2000/43/EC (Race Directive), 2000/78/EC (Framework Employment Directive) and 2002/73/EC (Gender Equal Treatment Directive). The Equal Status Act 2000 will be amended at the same time to give effect to the non-employment aspects of the Race Directive. These Acts are enforced through the Equality Tribunal and the Labour Court. In the employment area, dismissal cases are referred in the first instance to the Labour Court. Gender cases may be referred directly to the Circuit Court.

2.7.1 Equality Authority

The Equality Authority works towards the elimination of discrimination and the promotion of equal opportunities in relation to the areas covered by these two acts.

During 2002 the Equality Authority:

- Dealt with 489 and 795 case files under the Employment Equality and Equal Status Acts respectively
- Published a Code of Practice on Sexual Harassment and Harassment in the Workplace
- Organised Anti-Racist Workplace Week, including a billboard and radio campaign and seminar, on the theme of migrant workers
- Conducted research on the labour market inequalities experienced four groups of people: older workers, people with disabilities, refugees and members of the Traveller Community
- Convened the Equal Opportunities Framework Committee with the social partners; publishing guidelines of equality and diversity training and on equality policies to support planned and systematic approaches to workplace equality, and providing funding to a range of projects
- Published guidelines on Equality and Diversity Training in Enterprises, organised seminars and provided funding for a range of projects carried out by social partner organisations

2.7.2 Equal Opportunities 2003-2005

Sustaining Progress provides for the continuation of the Framework Committee for the Development of Equal Opportunities at the Level of the Enterprise. The objective of the Framework is to eliminate discrimination and to promote equal opportunities in the workplace through a partnership approach.

In accordance with a commitment in Sustaining Progress, the Department of Justice, Equality and Law Reform undertakes to publish National Action Plan Against Racism by end 2003.

The Equality Authority will continue during 2003-5 to provide information, advice and support for equal opportunities. The Authority generally adopts a multiple discrimination focus to its work relating to the nine grounds of the equality legislation. Specific attention will be given to people with disabilities, carers and people who experience racism.

A co-funded Equality Studies Unit has been established in the Equality Authority under the Employment and Human Resources Development Operational Programme (EHRDOP) to support the integration of people with disabilities, refugees, travellers and older people into the labour market.

The Unit will pursue three priorities:

- Improve information and monitoring the situation in relation to the above named categories
- Examine the application of the equal opportunities principle in selected measures
- Disseminate research findings and develop practical resource materials for providers

2.7.3 EQUAL Community Initiative

A total of 21 EQUAL Development Partnerships are being funded under Round 1 of the EU EQUAL Community Initiative which was launched in 2001. The Initiative is part-funded through the ESF (€33.9 million) and seeks to identify and address fundamental forms of discrimination and inequality in connection with the labour market through the development of innovative policies and practices piloted by the EQUAL Development Partnerships.

EQUAL Round 1 is being implemented from 2001-2004 and Round 2 will commence, following a new selection process, in 2005 until 2008.

The opportunities for local and national policymakers to establish linkages between the activities of the EQUAL Development Partnerships and mainstream labour market, educational and training measures is being developed in Ireland in a more strategic way under EQUAL.

A new EQUAL mainstreaming policy group has been established with representation from relevant Government Departments, Agencies, Social Partner Organisations and other bodies which will act as a 'clearing house' for validating mainstreaming proposals and for the planned transfer of policy lessons and to support a capacity within relevant organisations to incorporate good practice. This mechanism should enable future policy actions by Departments and Agencies in the areas identified to be influenced, as appropriate, by these relevant outcomes in a systematic and strategic way.

The links between the National mainstreaming mechanism and European Thematic Networking under EQUAL are strong particularly in the pursuit of the lifelong learning strategy where Ireland co-leads with France a European Thematic Network under the current Adaptability Pillar.

2.7.4 People with Disabilities

The goal of integrating people with disabilities into the open labour market is being pursued through a three-dimensional approach involving:

- Facilitating the progression of people with disabilities into sustainable employment through the development of their skills
- Stimulating awareness amongst employers of the contribution, which people with disabilities can make to their businesses, and encouraging companies to more actively consider recruiting people with disabilities to fill their vacancies
- Providing specific employment supports for people with disabilities and employers

The Department of Justice, Equality and Law Reform continues to monitor the implementation of the Government led initiative for the employment in the public service of 3% of people with disabilities. Monitoring data shows that progress is being made towards the achievement of this target: 1.72% in 1999, 1.89% in 2000 and 2.12% in 2002.

A number of initiatives have been undertaken in conjunction with the Equality Authority in 2002 including the publication of an employer's resource pack launched to assist public service employers in the recruitment and retention of people with disabilities.

Following the completion of the consultation process on disability legislation in February 2003, work on the preparation of the Disability Bill is ongoing. This Bill will underpin mainstreaming and provide for positive action measures to advance the participation of people with disabilities in society.

IT access guidelines for people with disabilities have been developed in accordance with a commitment under the Programme for Prosperity and Fairness. These deal with disability access to web sites, public access terminals, telecommunications and application software. During 2001-2 the DJELR participated in an e-Accessibility initiative under the e-Europe Action as a result of which a national contact centre has been established to link with a European network on this issue.

2.7.5 Disability Programmes

The Employee Retention Grant Scheme aims to maintain people in employment if they acquire an illness, condition or impairment that puts their continued employment at risk.

The Disability Awareness Training Support Scheme provides funding towards the cost of delivering in-company training to educate and inform staff about people with disability and disability in general. Both of these schemes were launched in April 2003 arising from commitments given in the PPF. The schemes are overseen by FÁS and address the difficulties encountered by people with disabilities in accessing employment.

The Department of Social and Family Affairs also aims to facilitate and improve access to education, training and labour market programmes for disabled people by:

- Piloting specific employment initiatives for people with disabilities, initially those aged 16-25 who qualify for long-term disability payments
- Reviewing the application of the Back-to-Work Allowance scheme and related supports to people with disabilities and bring forward proposals for any necessary changes

Supported Employment

The objectives of the Supported Employment programme are:

- Facilitating the integration of disabled people into paid employment in the open labour market
- Providing supports to assist with this integration process
- Meeting the requirements of employers

Following discussions with a number of key stakeholders, a review of the National Pilot Supported Employment Programme has been completed by FÁS. The report highlights differing concepts of Supported Employment in operation by the projects; differences in interpretation of FÁS requirements for funding, and recommends that the programme be supported for a three-year period in the future. FÁS are committed to ongoing support for the programme, subject to annual reviews, local demand and the available budget.

Sheltered Employment

The Department of Enterprise, Trade and Employment has reviewed existing models of sheltered employment, including the Pilot Programme for the Employment of People with Disabilities. Subject to available resources, and following consultations with relevant stakeholders, the Department is committed to developing a new policy framework at an early date aimed at enhancing the potential of sheltered employment to provide better employment opportunities for people with disabilities.

An extensive review of vocational training and employment provision for people with disabilities has been carried out. The review, which examines, compares and contrasts training through FÁS Training Centres, Contracted Training Providers, Community Training Workshops and Specialist Training Providers, was carried out between November 2002 and January 2003 and involved consultation with a wide range of stakeholders.

Discussions with the social partners in regard to the conclusions and recommendations contained in the report are being undertaken under the aegis of the National Advisory Committee on Disability, with a view to informing an appropriate and effective response to these recommendations.

2.7.5 Early School Leavers

Over the period 1980 -1999, early school leaving was down from 40% to 18%, with retention to Leaving Certificate increasing from 60% to 82%. Two measures aimed specifically at addressing the issue of early school leaving are the School Completion Programme and the establishment of the National Educational Welfare Board.

The School Completion Programme focuses on young people between the ages of 4 and 18 years and is designed to deal with issues of both concentrated and regionally dispersed disadvantage and is a key component of the Department of Education and Science's strategy to discriminate positively in favour of children and young people who are at risk of early school leaving.

The programme is funded by the NDP with assistance from the European Social Fund (ESF). A total of €23.019 million has been allocated to the School Completion Programme in 2003.

The National Educational Welfare Board (NEWB) is responsible for school attendance and is developing a nationwide service that is accessible to schools, parents, guardians and others concerned with the welfare of young people. A network of Educational Welfare Officers is currently being established and these Officers will be allocated to areas on the basis of local need, with priority being given to disadvantaged communities. A budget of €5.4 million has been allocated to the NEWB in 2003. Under the Early Literacy measure Summer Literacy Camps were held for 7-11 year old children from eighteen disadvantaged areas in 2002.

2.7.6 Prisoners and Ex-offenders

The CONNECT Programme is a prison based education, training and personal development initiative which addresses the needs of individuals caught up in crime, central to which is the goal of employability. The project focuses on prisoners' transition from custody, through training, on to reintegration into the community and labour market participation. The project is also contributing to links between prisons and the wider community for training and other developmental opportunities and employment opportunities for ex-prisoners. By the end of 2002, a total of 3,174 ex-offenders in custody had participated in CONNECT.

The Linkage Programme is a joint service between the Probation and Welfare Service and Business in the Community to find employment opportunities for ex-offenders and people referred to the Probation and Welfare Services by the Courts. Provision has also been made to organise a further placement if the first terminates or breaks down. By the end of 2002, of the 1,058 offenders who engaged with the programme a total of 716 had secured employment. It is estimated that by end 2003 half of those referred to the programme will engage with it and half of these will secure employment.

2.7.7 Travellers

The Government is committed to an integrated strategy to improve the participation and achievement of Travellers at every level of education.

The NAPS intends to remove any remaining barriers to the full participation of travellers in the economy.

The key targets identified are:

- All travellers attending primary education and the transfer rate of travellers to post primary schools will be increased to 95% by 2004
- An increase in the traveller participation rate at 3rd level institutions

In the first half of 2002, 71 Traveller teaching posts were allocated to post-primary schools with 1,365 Traveller pupils. In primary schools these are approximately 5,500 Traveller children enrolled.

Senior Travellers Training Centres

These Centers provide a programme of integrated general education, vocational training and work experience and guidance/counseling/psychological services for some 769 individuals. A National Co-coordinator promotes and monitors the development of the network. As with Youthreach, programmes are provided in an out-of school setting, and feature integrated personal development, literacy, numeracy, ICTs and a range of vocational options and work experience. Trainees are paid a training allowance. There is no upper age limit on the programme in order to attract Traveller parents whose participation has a positive impact on their children.

The centres aim to equip under-qualified members of the travelling community with the requisite skills to enter the labour force.

As well as providing numeric and literacy skills, the centres also offer a number of educational courses recognised by FETAC.

The Centers have a Board of Management structure with Traveller/Traveller organisation representation, in line with the recommendations of the Task Force on the Traveling People Spending in 2002 amounted to €12.849 million

2.7.8 Gays and Lesbians

Work will be carried out with the social partners and relevant Government Departments to progress labour market issues identified in the Equality Authority report Implementing Equality for Gays, Lesbians and Bisexuals.

2.7.9 Lone Parents

During 2003-2006 the DSFA will facilitate and encourage lone parents to access employment by:

- Reviewing the system of income supports to lone parents and examining their effectiveness as an incentive to return to work
- Further developing linkages between its various support areas to assist lone parents accessing and returning to work

2.7.10 Local Development Social Inclusion Programme

The Local Development and Social Inclusion Programme (LDSIP) counters disadvantage and promote equality and social and economic inclusion through the provision of funding and support to local Partnerships and Community Groups.

The Programme is delivered by a total of 75 non-profit Partnerships, Community Groups and Employment Pacts.

In their plans and through the implementation of the Programme, the funded bodies identify the client groups which would most benefit under the objectives of the Programme. The groups are then targeted under the three sub-measures of the LDSIP, which are:

Services For The Unemployed

This sub measure supports individuals in accessing employment opportunities through actions in the areas of education, training, work experience, job placement, enterprise, self-employment and social economy.

During 2002, the total number of people supported by Services for the Unemployed in the BMW and S&E regions including the Local Employment Services Network caseloads was 10,238 and 19,091. Excluding the caseloads from partnerships operating the LESN, the total was 9,132 and 12,402 respectively.

The BMW region had, by the end of 2002, placed 13% of its caseload into employment a figure similar to that of the S&E region, which in the same year found employment for 15% of its caseload. A total of 14% in the BMW region and 11% in the S&E were, supported into self-employment in 2002.

Of the 3,808 and 5,205 participants in the BMW/S&E regions respectively, 32% were participating in certified education in the BMW region, compared with 38% in the S&E regions. In the BMW region 67% of these achieved certification compared with 55% in the S&E region.

In addition, Partnerships, Community Groups and Employment Pacts undertake initiatives in conjunction with strategic partners and mainstream providers. These include the operation of outreach initiatives, job clubs, employment and training and social economy initiatives, which help to give local individuals progression pathways. During 2002, 5,693 individuals benefited from such initiatives in the BMW region, and 8,359 benefited in the S&E region.

Community Development

This addresses the social exclusion faced by many communities by increasing their level of participation in local development. Supporting community groups and building independent and new forms of local organisation to vitalise and strengthen the local community infrastructure in the areas of greatest need is a major element of the work within this sub-measure.

In 2002, the number of community-based projects focusing on target groups that were supported in the region was 668 in the BMW region and 1,079 in the S&E region. The programme throughout the BMW and S&E regions supported a further 140 and 160 infrastructure projects respectively in 2002.

Community Based Youth Initiatives

Many of the actions under this sub measure, aim to increase the range of community based education and youth development opportunities available from early years through to early adulthood, in areas of disadvantage.

18,444 young people were supported in the BMW region compared to 32,437 in the S&E region. 1,941 adults in the BMW region were supported under the Community Based Youth Initiative sub-measure and 5,560 adults in the S&E region. These mainly represented parents and guardians and other adults working closely with disadvantaged young people.

Guideline 8 Making Work Pay

2.8 Context

In Ireland, tax benefits and welfare payments together with employment and training initiatives aim to reduce the numbers of working poor and eliminate inactivity, unemployment and poverty traps.

A number of measures have helped encourage participation in the labour force, in particular:

- Structural changes to the taxation and social welfare system designed to make work pay
- Strengthening conditionality for unemployment payment

2.8.1 Taxation System

Taxation policy aims to keep down the levels of personal and business taxation in order to strengthen and maintain the competitive position of the Irish economy.

The current Government programme includes the following priorities to be achieved over the next 5 years:

- Achieving a position where all those on the national minimum wage are removed from the tax net
- Ensuring that 80% of all earners pay tax only at the standard rate

These commitments are given in the context of a broader economic and budgetary strategy which provides, among other things, that the public finances will be kept in a healthy condition.

Overall, personal taxation policy has been consistent with an approach which seeks to encourage employment and make work pay. In this regard, the following positive developments have occurred over the last number of years:

- Both the standard rate and the top rate have been reduced by 6 percentage points each year since 1997. They currently stand at 20% and 42% respectively, thus reducing marginal tax rates and improving the incentive to work.
- Average tax rates (Aggregate value of income tax PRSI and levies as a proportion of gross income) have been reduced at all income levels. For example, a single person on the average industrial wage as projected for 2003 will have an average tax rate of 17.09% compared to almost 28% in 1997.
- Budget 2003 removed 37,400 income earners on lower income from the tax net, bringing the total income earners outside the tax net to 681,030 (36.12% of all income earners). This compares with a figure of 380,000(25% of income earners) before the 1998 Budget.
- The income level at which people enter the tax net was increased in Budget 2003 to €223 per week compared with €98 in 1997/98. As a result of Budget 2003, those on incomes amounting to 90% or less of the minimum wage - currently €247.65 per week - are exempt from income tax.
- The move to tax credits was completed in April 2001. Tax credits are more equitable in that they have the same value for all those who pay tax regardless of their level of income. It can be argued however that credits are of proportionately greater value to those on lower incomes. The value of the main personal credits, i.e. the Personal and Employee credits, has increased significantly in recent years which has had the effect of moving significant numbers of income earners out of the tax net altogether.
- A special tax allowance at the marginal rate of income tax is available for people who have been unemployed or in receipt of specified disability payments for one year or more and who take up a qualifying job. The allowance, with an increase for each dependant child, is tapered over three years. The scheme also provides an incentive for employers by way of double tax deductions on wages and social insurance paid in respect of qualifying employees.

2.8.2 Social Welfare System

Ireland's Social Welfare system is contingency based with insurance based and assistance based payments for the main social risk contingencies, including employment support. Payment rates are calculated as flat rate with additions for adult and child dependants. A number of developments in recent years have contributed to improving incentives in the system.

The policy direction has been to concentrate resources for child income support on Child Benefit (CB), rather than increasing Child Dependant Allowances (CDAs), thus ensuring that the supports provided by the State are more neutral vis-à-vis the employment status of the parent(s). Unlike CDAs, CB does not contribute to poverty traps or work disincentives, as it is a universal payment which is not subject to a means test. The value of the CB scheme as an effective mechanism for the provision of child income support is reflected in the substantial investment made in the scheme.

Since 1994, the combined Child Benefit/Child Dependant Allowance payment has increased by more than double the rate of inflation. In terms of tackling work disincentives, the shift towards CB has been significant. For instance, in 1994, CB represented 29% of the total Child Benefit/Child Dependant Allowance payment for a 4 child family, now it represents 66%.

A number of measures have been introduced to social security schemes to make them more employment friendly. Examples of such measures for people returning to work are:

- One Parent Family Payment: Retention of 50% of payment for one year
- Unemployment Assistance: 40% disregard of net earnings from part-time work
- Retention of Rent/Mortgage Interest Supplement and other secondary benefits on a tapered basis in certain circumstances
- Tapered withdrawal of adult and child dependent increases as the spouse/partner's earnings from employment increase

Gradual withdrawal of social security payments and other benefits helps to ease the transition from welfare to work. While the financial savings of individual measures are difficult to quantify, the above initiatives have served to ensure that the sudden loss of social security payments is no longer an issue in the decision to take up or return to employment.

Reducing the numbers of working poor

A priority in Building an Inclusive Society is reducing the numbers of those in Consistent Poverty to 2%. Consistent Poverty is defined as living below 50-60% of average disposable income and has fallen from 15.1% in 1994 to 6.2% in 2000.

The target is to achieve a rate of €150 per week in 2002 terms for the lowest rates of social welfare to be met in 2007 and the appropriate equivalent level of basic childcare income support to be set at 33-35% of the minimum adult social welfare benefit.

National Minimum Wage

The National Minimum Wage rose by 6.4% on 1st October 2002 to €6.35 per hour. This follows an increase of 6.8% in 2001. These figures are above the average EU minimum wage rate rises of 4.9% and 3.5% for the same period. From February 1st 2004 the statutory minimum wage will be increased by 10.2% to €7 per hour. At present for a single person in the PAYE sector no income tax is payable on income less than €233.07 per week (90% of the current minimum wage - €6.35 per hour annualised). The target of removing of all those on the minimum wage from the income tax net will increase the disposable income of those working for the minimum wage and lessen their chances of falling into the poverty trap

2.8.3 Tightening up on conditionality leading to improved job search

To qualify for an unemployment payment, a person must be capable of, available for and actively seeking work. The principal intervention measures in this area are outlined in section 2.1 under Prevention and Activation. A key element in this process is an offer of work or availability of a programme suited to the particular needs of the individual. Such programmes raise the educational or training levels of participants, improving the likelihood of employment and prospects of further advancement.

Guideline 9 Undeclared Work

2.9 Context

Because of its nature the black economy is very difficult to measure. While there is no standard model capable of computing the extent of black economy activity, a paper prepared by the European Commission put the size of the black economy in Ireland in the region of 5-10% of GDP. This compares with a figure of 35% in other Member States.

The Revenue Commissioners recognise that there are two dimensions to undeclared work. Firstly there are persons whose activities remain wholly undetected and secondly persons who are on record for tax purposes but do not declare the full extent of their activities and income.

The Revenue Authorities in Ireland are of the view that most people active in the Irish economy are on record for tax purposes. Consequently, it is persons who fall into the second category are responsible for the major part of black economy activity. It is generally acknowledged that there is a relationship between the size of undeclared work rates and the level of taxation. Reduced tax rates act as an incentive for people to pay taxes while increases in tax rates have the opposite effect and leads to tax evasion. Ireland had a much larger level of undeclared work between the 1960s and mid 1980s. This was in the main due to the high level of taxation. With the reduction of tax rates in the 1990s, the level of undeclared work was also reduced. In addition to the lowering of tax rates Ireland introduced a self-assessment system for the self-employed. This has resulted in the level of tax returns increasing from 60% to 98%.

2.9.1 Policies to Reduce Undeclared Work

In combating undeclared work the Revenue Commissioners follow a two-pronged strategy. On one hand, every effort is made to facilitate and reduce red tape for the compliant taxpayer while on the other, extra resources are being switched to programmes to detect tax evasion. The problem of undeclared work is tackled through strong enforcement measures.

Effective tactics used include:

- *Auditing and Investigation:* In this instance cases are mainly selected for audit by the screening of the returns and it is estimated that about one third of the taxpayer base are examined every year
- *Publication of the names of defaulters:* This method acts as a constant deterrent to potential tax cheaters and has been proved efficient in raising the level of compliance.
- *Tracking down of those not registered for tax purposes:* Enquiries into cases of people who have voluntarily not registered for tax purposes detect between 3,000 to 4,000 new cases annually

Others who are not recorded on the tax system can be found through:

- Information on payments for rented property as a by-product of the tax relief for rents paid by certain private tenants
- Obligations on, Health Boards and Local Authorities to return details of rent subsidy payments
- Purchasers of all types of immovable property must supply details of the new property purchased
- Capital gains tax law requires an auctioneer or any person, carrying on a trade of dealing in any description of tangible moveable assets, to return details on request, of any transactions in excess of £15,000

Particular attention is paid to the Construction sector and arrangements are now in place to ensure that everybody working in the sector is brought into the tax net. Revenue has mounted a nationwide campaign in the construction sector to ensure that those liable for PAYE are not treated as self-employed.

The Department of Social and Family Affairs has a comprehensive and multi-faceted fraud control regime in place to deter and detect fraud and abuses of its schemes and ensure employers comply with their legal obligations as set down in Social Welfare legislation.

The control approach is aimed at:

- Preventing fraud and abuse
- Detecting incorrect payments, fraud and abuse of schemes and unpaid social insurance contributions by employers and the self employed at the earliest possible stage
- Deterring employers and the public from defrauding the social welfare system by dealing decisively with and, in the more serious cases, prosecuting fraudulent claimants

The Department carries out a programme of employer inspections each year aimed at ensuring that employers are aware of and comply with their responsibilities as regards social welfare and tax legislation.

During 2002, a total of 8,854 inspections were carried out. Of those inspected, 5,047 (57%) were found to be compliant. Tax and social insurance to the amount of €14.3 million was determined as a result of these inspections.

Guideline 10 Addressing Regional Disparities

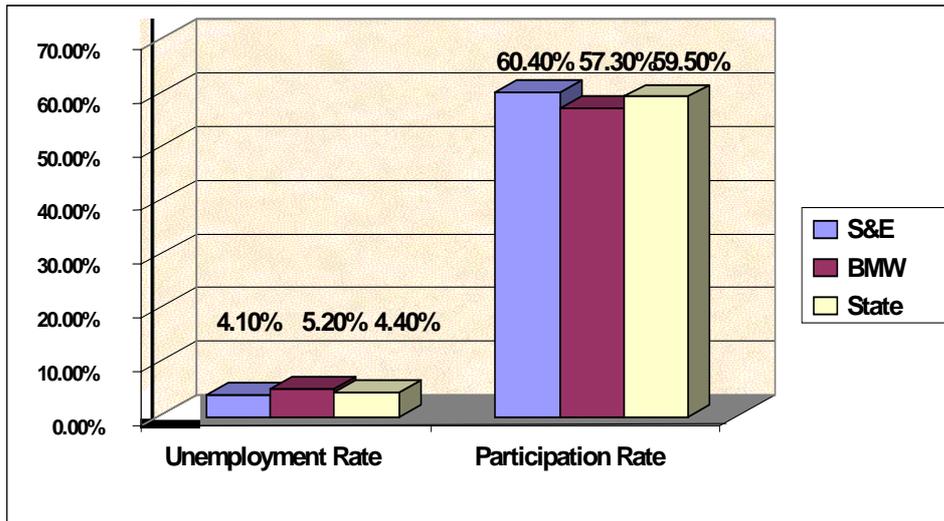
2.10 Context

In Ireland, regional policy design and implementation is coordinated at national level taking account of the relevant regional bodies and social partners. In most cases, the implementation body is a Government Department, agency or an intermediary body appointed by them. At the local level, the agencies, (such as the Industrial Development Authority, Enterprise Ireland or the County Enterprise Boards) or intermediary bodies (such as ADM) interact with local partners as required. Many aspects of agency activity can be seen to broadly overlap with section 2.2 on job creation and entrepreneurship

Ireland accounts for approximately 1% of the population of the E.U. The NUTS Boundaries data set shows sub national administrative areas within the European Community. The base level of analysis from a European perspective is NUTS₂ for most member states. As there are only 2 of these regions in Ireland; Border/Midlands and West and Southern and Eastern (BMW and S&E) NUTS₃, which corresponds to the eight Regional areas, was deemed more appropriate.

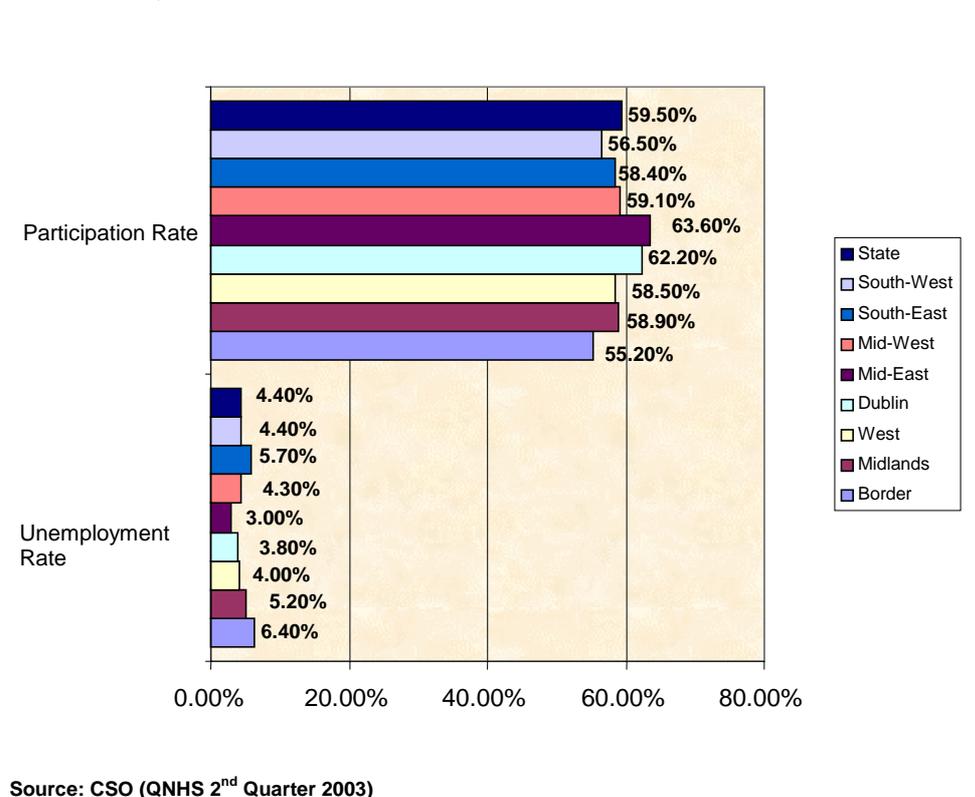
The graphs give an indication as to the disparities in unemployment and employment at NUTS₂ and NUTS₃ levels.

Graph 2.10.1 (a) Variation of the Participation/Unemployment rate with the national rate across NUTS₂ Regions.



Source: CSO (QNHS 2nd Quarter 2003.)

Graph 2.10.2(b) Variation of the Participation/unemployment rate with the national rate across NUTS₃ Regions.



2.10.2 National Development Plan

More balanced regional development was identified as a priority in the National Development Plan (NDP) 2000-2006.

The Plan aims to:

- Reduce the disparities between and within BMW and the S&E regions
- Develop the potential of both regions to contribute, to the greatest possible extent, to the continuing prosperity of the country

This was reflected in the designation of Ireland into two regions for Structural Fund purposes and in the breakdown of the overall Plan expenditure, at €17,841 per capita in the BMW area and €12,897 per capita in the S&E region.

2.10.3 National Spatial Strategy

The National Spatial Strategy (NSS) is a further commitment to promote balanced regional development. Adopted in November 2002, the NSS is a 20-year strategy which provides a framework within which development can be more evenly spread throughout the country.

The NSS aims to make regions competitive according to their strengths and develop a high quality urban environment, as well as vibrant rural areas.

The objectives of the NSS are:

- Continuing national economic and employment growth
- Continuing improvement in Ireland's international competitiveness
- Fostering balanced regional development
- Improving the quality of life for all sections of society
- Maintaining and enhancing the quality and diversity of Ireland's natural and cultural heritage

To achieve more balanced regional development, a greater share of economic activity must take place outside the Greater Dublin Area. When allocating future investment in infrastructure and services, the relevant Government Departments are required to take account of the NSS framework for balanced regional development. The NSS sets out a framework for designated gateways, hubs and other urban and rural areas to act together. This framework will open up new opportunities in the regions and give people greater choice in relation to where they work and live. The majority of the newly identified gateways and hubs are in the BMW region.

Implementation of the NSS involves Government, Regional and Local Authorities and the public. In taking forward the NSS, the NUTS3 Regional Authorities in consultation with local authorities are preparing Regional Planning Guidelines (RPGs) for early 2004. The RPGs will be a long term strategy addressing a range of socio-economic issues. It is intended that the RPGs will act as a link between the NSS and the Development Plans of local authorities, thereby furthering a more balanced level of regional development, including employment opportunities.

Key goals in the implementation of the NSS in the year ahead and onwards are:

- Supporting Regional Authorities in preparing and adopting regional planning guidelines in all regions by early 2004 to link the NSS to county and city development plans
- Encouraging local authorities to put in place new development plans with strong land use, transportation and urban design framework elements for all of the gateways and hubs by end of 2004

2.10.4 Supporting Regional Development

In relation to industrial development, the aims of the NDP and the NSS are reflected in the programmes for the period 2002-2006. The maximum levels of grant aid that can be paid to support investment in new factories or factory extensions are set out in the Regional Aid Map approved by the Commission in 1999. The maximum grant aid rates approved for large companies in the period 2000-2006 are:

- 40% in the Border, Midland and Western (BMW) area (+ 15% gross for SME's)
- 40% in the other four regions in 2000, but falling yearly for four years to 20% (Mid East 18%) in the years 2004 to 2006 (+ 10% gross for SME's in all cases)
- 17.5% in Dublin (+ 10% gross for SME's), from 1 January 2000

The variation in Regional aid rates is intended to assist the regions with lower GNP per head in boosting their output and employment performance. As allowed under EU State aid rules, maximum grant rates under Training, R&D and SME aid schemes are also 10% higher in the BMW region and 5% higher in the S&E region than the rates applying in regions of the EU not eligible for any Regional aid.

While the BMW region has tended in the past to perform less satisfactorily than the rest of the country in terms of increasing and sustaining employment there are signs that the policies being adopted by the enterprise development agencies are continuing to have a positive impact.

IDA Ireland

IDA Ireland's regional strategy is based upon the concept of regional economic centres that will be transformed into 'magnets' to attract a critical mass of enterprise investment. This transformation will be achieved through a substantive IDA presence in each centre and through relevant supporting investment in infrastructure etc.

The intention of the IDA is that each of the nine gateway towns will lead the economic development of its region through stimulating growth in its surrounding hinterland and a number of related towns. Supporting IDA's strategy is its commitment to deliver 50% of Greenfield jobs to the BMW region in 2000 to 2006.

The principal achievements of IDA Regional Strategy are as follows:

- IDA now has 9 offices outside Dublin; 6 of which are in the Objective One (BMW) region
- Key business units such as the Regions and Property Division, ICT and Healthcare Divisions and Engineering & Consumer products have been de-centralised. These offices have national as well as regional responsibilities
- Work is at an advanced stage in terms of constructing a network of flagship business parks in the regions
- Even though the economic downturn has hampered delivering the target of 50% of all new Greenfield jobs in the BMW region, excellent progress has been made (see table below)

(i) Percent of new Greenfield job approvals

Region	1999	2000	2001	2002
Objective 1 – BMW	25%	45%	43%	44%
Obj 1 in Trans - S&E	75%	55%	57%	56%

In 2001, the BMW region accounted for 26% of the national population and 25% of the workforce. In 1999, the region accounted for 18% of gross job gains in agency-assisted companies. The corresponding figures for 2000, 2001 and 2002 show increases of 20%, 25% and 23% respectively. The regional share of employment in agency-assisted companies will continue to be monitored into the future.

For the period 2003–2006, the IDA will pursue, inter-alia, the following general approach to regional economic development:

- IDA Ireland will focus on regional economic development that is broader than industrial development and takes account of quality-of-life factors
- Establish a strong regional office interaction with regional educational institutions in areas of skills, specialised training, research & development and outreach centres (consistent with national strategy)
- Dedicate resources to working on the regional aspects of infrastructure delivery in a way consistent with national strategy
- Pursue a strong proactive role in using IDA business parks as key tools for regional economic development

Enterprise Ireland and Shannon Development

Regional development focuses on the creation of an environment for business in which competitive capability is developed and sustained within companies, high growth start-up business is encouraged and innovation flourishes. The goal is to achieve a significant increase in export led sales by increasing productivity and competitiveness in its existing client base and by identifying and encouraging new start-up companies with strong growth potential.

Assisting existing regional clients to overcome their geographical peripherality

The agencies assist companies in the regions to access and use technology to overcome geographical disadvantage. Through technology innovation it helps existing and new clients to achieve sustained growth by enabling them to respond to more sophisticated customer requirements and operate as efficiently as possible.

EI's regional strategy of assisting regional clients to overcome their geographical peripherality and to meet the national policy of regional development is facilitated by the following initiatives:

Revised Funding Offer

In May of 2003, EI announced the publication of the agency's revised funding approach for existing and potential clients. The new funding approach simplifies client interaction with EI and responds to the National Development Plan objective of more balanced regional development, by explicitly allocating more favourable packages of support to companies located in the BMW region and the South East, South West and Mid West regions.

Encouraging High Potential Start-Up companies in the Regions

Of the 54 new high potential HPSUs, which started trading in 2002, 18 were located outside of Dublin/Mid East and 12 were in the Border Midlands West region. As of September 2003, of the 32 new high potential start-ups, which have come on stream, 14 are outside of Dublin/Mid East with 2 in the BMW region – with a number of prospects in the pipeline for establishment by year-end.

EI is engaged in a number of initiatives to facilitate the development of HPSUs in the regions:

- **Webworks**

Webworks aims to address two critical problems; the difficulties of seeding the growth of new technologies in the regions and the problems associated with rapid growth in such companies. Webworks will provide high-class office facilities, a management structure for technology-based companies and promote networking among companies. Webworks will be established in 4 designated Gateway towns with each Webworks housing companies in one of four sectors: Informatics, e-business, Health science or Digital Media. Tenders for the construction of Webworks will be issued by end 2003.

- **National Software Centre**

Established in 2002, the primary objective of the National Software Centre in Cork is to develop a critical mass of software developing companies around clusters in a location with a significant Software Industry. The objective is to create a global footprint for start-up ventures by using innovative networking technologies and linking to major corporates to build strategic alliances and routes to market.

- **Incubation Space**

Under the NDP, Enterprise Ireland has committed some €25 million for the construction of business incubators with associated industrial research space in Institutes of Technology. These will form an ideal environment for the regional stimulation of research and development and of new campus-based enterprise, particularly in the IT sector. Building work has already commenced in a number of the centres and it is expected that by the end of 2006 most Institutes of Technology will have an incubation centre.

Assisting regional clients to internationalise their product

EI assists client companies to internationalise their business by providing them with highly targeted support that enables them to increase exports and expand their overseas business. As of September 2003 70 significant export investments were supported by Enterprise Ireland, 44 were to companies located outside of Dublin/mid East and 20 of these were to clients located in the BMW region.

Encouraging regional clients to develop products and conduct R&D

EI's strategy is to work with Third Level partners to ensure a free and flexible flow of ideas out of the research system, which can be commercialised.

This initiative is facilitated by:

- Actively supporting the development of regionally based incubator and R&D space in Institutes of Technology and the development of new business incubators in universities
- With clients, investing in research in areas of emerging technologies, which can generate ideas and processes with commercial potential
- Co-funding major R&D capability investments by clients and assisting companies in starting up a first time R&D programme

2.10.5 Targeted programs in the regions to encourage entrepreneurship.

In the past four years, over €26 million has been committed in support of the establishment of community owned enterprise space in 63 locations. The programme has focused on helping both urban and rural communities and is a community-led initiative in the form of a partnership between local communities and the State. Its objective is to enhance the development of an enterprise climate through the provision of infrastructure facilities to support the establishment and expansion of micro enterprises through local community participation.

In 1999/2000, support was approved for 24 centres in cities and the larger towns where there were demonstrable levels of disadvantage and underemployment. Over €18 million has been

committed. Also under a once-off initiative, four rural centres in Mayo were supported in the sum of €0.4million.

In 2002 a new scheme the Community Enterprise Centre (CEC) was launched in two phases.

- Under Phase 1, support for capital investment in the sum of €5 million was approved for 20 centres
- In July 2003, a further 15 centres were approved capital support in the sum of €3 million under Phase 2. The total regional breakdown for CEC 2002 approvals is outlined in the table below

(i) Regional Breakdown for approvals under CEC scheme.

<i>Region</i>	<i>No. of centres</i>	<i>% of financial support</i>
BMW	18	52.5
S&E	15	42.5
Dublin	2	05.0
Total	35	100.0

Source: Department of Enterprise, Trade and Employment

2.10.6 Údarás na Gaeltachta

Údarás na Gaeltachta is a State Agency responsible for promoting the economic and social development of the Gaeltacht¹. An analysis of participants in various schemes under the EHRD OP during 2002 showed that 81% came from the BMW region. Under the Finance for Industry measure a total of 910 new jobs were created of which 75% were in the BMW region.

The general thrust of Údarás' schemes is to focus on supporting the creation of new jobs and on up-skilling those at all levels in employment to enable them to compete in the changing market place. Additional actions focus on the unemployed, on craft apprentices, on young managers and on school leavers. Further initiatives are undertaken in the areas of lifelong learning and recruitment, encouraging individuals to upgrade their skills and/or return to the area. In the context of lifelong learning an initiative is being undertaken to provide third level education facilities in certain Gaeltacht areas, primarily in association with NUI Galway.

The job creation target (gross new jobs) for the Údarás is 800 new jobs per year from 2000 to 2006. Up to the end of 2002 a total of 3,033 jobs were created.

Údarás' strategy over the coming years will see education and training become a key factor in the transition from traditional manufacturing industry to service based employment.

Gaeltacht Improvement Schemes

Under the Gaeltacht Improvement Schemes capital grants are available for the development of maritime works in the Gaeltacht, the improvement of Gaeltacht roads, the provision and improvement of social amenities. By improving the infrastructure, these grants are aimed at adding to the social, cultural and economic life of these areas. Assistance is also provided by the Department of Community Rural and Gaeltacht Affairs towards the provision of new houses and the improvement of the existing housing stock in the Gaeltacht.

¹ "The Gaeltacht covers extensive parts of counties Donegal, Mayo, Galway and Kerry, all of which are on the western seaboard, together with parts of counties Cork, Meath and Waterford. The term "Gaeltacht" describes those areas where the Irish language is the community language. All of the population of some 86,000 is also fluent in English."

3. Governance and Partnership

3.1 Social Partnership- Programme for Sustaining Progress

The current national agreement, Sustaining Progress, which was ratified by the social partners in March 2003, represents a further development in social partnership. The new Agreement is the sixth in a series of agreements that began in 1987 with pay terms subject to review after 18 months and covers the period 2003-2005. The Agreement comprises two parts – the first sets out the overall scope of the Agreement and identifies ten main initiatives which the social partners agree should be undertaken during the period of the Agreement. These initiatives, a number of which are also covered by the European Employment Strategy, are: -

- Housing and Accommodation
- Cost and Availability of Insurance
- Migration and Interculturalism
- Long-term Unemployed/Vulnerable Workers and those who have been made redundant
- Tackling Educational Disadvantage
- Waste Management
- Care (Children, People with Disabilities and Older People)
- Alcohol/Drug Misuse
- The Information Society
- Ending Child Poverty

The second part of the Agreement relates to pay and the workplace. In addition to the recommended pay increases this chapter contains commitments on Work/Life Balance Programmes, Statutory Redundancy Payments, National Minimum Wage, Employee Representation and an Anti-Inflation initiative.

As was the case with previous Agreements progress on implementation will be reviewed at quarterly plenary meetings. A Steering Group, made up of the Government and representatives from each of the social partner pillars has been put in place to review, monitor and report on progress.

Social Partnership has made a significant contribution to Ireland's economic success over the last sixteen years.

- Unemployment now stands at 4.4% compared to 17% in 1987
- Workers have received significant increases in take home pay as a result of pay rises and tax cuts
- Emigration has been replaced by immigration with inflows of over 28,000 per annum
- The 1987 deficit of £1.18 billion was overturned and Government finances are now in surplus
- The National Debt/GDP ratio has fallen from 125% in 1987 to 34.1% in 2002
- Ireland's rate of employment growth is significantly higher than the EU level
- The agreements have provided stability and certainty for employers in relation to labour costs and this has proved to be an attraction for foreign investors wishing to set up in Ireland

3.2 The Employment Action Plan

The Employment Action Plan has been prepared in consultation with the social partners (Employers, Trade Unions, Community and Voluntary organisations) in accordance with the process in place under social partnership, taking account of the commitments contained in Sustaining Progress.

This process involved meeting with the social partners to outline the Guidelines, receiving views and giving the parties opportunity to comment on the draft action plan in advance of its submission to the European Commission. Individual Government Departments were also in a position to consult with the social partners on specific elements of the plan where necessary. The Plan has also been submitted to the Oireachtas (Parliament).

The Equality Authority commented on the Plan and during 2004 work will begin on the development of an appropriate approach to equality proofing future Plans. This will include a contribution from the EQUAL initiative.

Implementation of the Action Plan is undertaken by a number of bodies:

- Department of Social and Family Affairs through its network of local offices
- Department of Education and Science through the education network
- Area Based Partnerships and in particular through FÁS the Employment and Training Agency, which has a network of Training Centres and Employment offices, located throughout the country. A total of 103,000 vacancies were notified to and 110,000 job seekers registered with FÁS in 2002. FÁS plays an active role in EURES, which facilitates the free movement of workers within the European Economic Area.

The National Employment Service consists of two parallel strands -FÁS Employment Service and the Local Employment Service (LES). When unemployment was high it was recognised that a more locally based and intensive service was needed to meet the specific needs of the long-term unemployed and other disadvantaged groups. This resulted in the establishment of LES alongside the existing FÁS Employment Service. As unemployment decreased and FÁS began the implementation of the Preventative Strategy the need for greater integration of the two services became apparent in order to ensure coherence and transparency for the user and to avoid duplication.

A review of the National Employment Service was undertaken and recommended the establishment of a single integrated National Employment Service that would be the "Gateway" to all labour market services. This is in line with the objectives of the FÁS Statement of Strategy and is being pursued.

3.3 Financial Allocations

The ESF is one of the four EU Structural Funds that aim to reduce the differences in living standards between the people and regions of the EU. The ESF helps to develop employment by promoting employability, entrepreneurship, equal opportunities and by investing in the education, training and upskilling of the labour force.

The overall task of the ESF is structured around the requirement to contribute to actions undertaken in pursuance of the European Employment Strategy, the Annual Guidelines on Employment and the implementation of Employment Recommendations. In Ireland, these actions are delivered through ESF co-financed activities in the Employment and Human Resources Development Operational Programme (EHRD OP), two Regional OPs, the EQUAL Community Initiative and the PEACE II OP. Over the period 2000-2006, the ESF will contribute €1,091 million to human resources development measures under these programmes. €902 million, or 83% of the total ESF investment is allocated to the Employment and Human Resources Development OP.

Employment and Human Resources Development Operational Programme (EHRDOP)

The purpose of the EHRDOP is to address the labour market and human capital needs of the Irish economy for the 2000-06 period. The overall objectives of the OP are to:

- Promote employment growth and improve access to, and opportunities for, employment
- Mobilise all potential sources of labour supply and enhance its quality in order to address skills and labour shortages across the economy as a whole
- Promote the development of a strategic lifelong learning framework
- Promote equal opportunities between women and men, in particular through a gender mainstreaming approach
- Promote social inclusion with particular reference to the reintegration of the socially excluded and the long-term unemployed into the labour force
- Strive for balanced regional development, by addressing the existing and potential education, training and skills deficits of the Border, Midland and Western and Southern and Eastern regions

The OP is organized around four Priorities, which reflect the pillars of the previous Employment Guidelines, i.e. Employability, Entrepreneurship, Adaptability and Equality. There are 51 measures in the OP, which are delivered by the Department of Education & Science, FÁS, and other Departments and State agencies.

The ESF supports 21 of the measures, providing some €902 million in finance towards the total planned expenditure of €14.2 billion over the lifetime of this OP (2000-2006).

Table 3.3(a) below, sets out the actual expenditure for the period 2000-2002 in the EHRD OP. The measures that are co-financed by the ESF are indicated against the Measure Number on the table.

Measure No.	Priority/Measure	Actual €m
Employability		
1	Action Programme for the Unemployed	109.9
02 ESF	National Employment Service	152.0
Active Measures for LONG-TERM UNEMPLOYED and		
03 ESF	Socially Excluded	1,200.5
4	Early Education	0.5
05 ESF	School Completion Initiative	25.6
6	Early Literacy	7.6
7	Traveller Education	8.1
8	School Guidance Service	67.2
09 ESF	Third Level Access	35.2
10	School Modern Languages	6.4
11A ESF	Early School Leavers Progression	79.0
11B ESF	ESL- Youthreach and Travellers	94.2
12A	SET-Tourism School Leavers	25.3
12B	SET- Tourism	27.1
12C	SET- Tourism (Education)	42.2
12D	SET- Agriculture	33.3
13 ESF	Skills Training for the Unemployed and Redundant Workers	269.0
14A ESF	Apprenticeships/Traineeships-FÁS	366.7
14B	Apprenticeship- Education	74.7
15	Employment Support Services	568.1
16	Vocational Training and Emp. Pathways; People with a Disability	107.4
17	Integrate Ireland Language and Training Ltd	2.6
Entrepreneurship		
18AESF	In- Company Training- FÁS	35.5
18BESF	In Company Training- EI	13.1
19A ESF	Social Economy Programme	31.7
19B ESF	Social Economy- Local Social Capital	0.0
Adaptability		
20	Lifelong Learning- General Training	6.9
21 ESF	Lifelong Learning-BTEI	256.7
22 ESF	Lifelong Learning-National Adult Literacy Strategy	39.5
23	Lifelong Learning- Further Education Support Services	6.1
24A	Ongoing Sectoral Training- Cultural, Gaeltacht and Film	15.9
24B	OST-Seafood	5.2
24C	OST-Forestry	4.4
24D	OST-Equine institute	0.5
24E	OST-Agriculture	3.5
24F	OST- Tourism	13.3
24G	OST-Tourism Education	5.8
25	MLT/HLTBS	699.2
26 ESF	Undergraduate Skills	55.8
27	Postgraduate Conversion Courses	27.1
28A	Training for Trainers-Primary, Post-primary, and FE	53.6
28B	Training for Trainers-FÁS	1.5
29A	Quality Assurance (including training for trainers)	13.3
29B ESF	Quality Assurance/certification and National Qualifications Framework	16.7
Equality		
30 ESF	Educational Disadvantage	1.1
31A ESF	Equal Opp Promotion and Monitoring- education	0.5
31B ESF	Equal Opp Promotion and Monitoring- NDP	1.0
Infrastructure		
32A	Education Infrastructure	1,314.3
32B	Training infrastructure	39.8
Technical Assistance		
33A ESF	Technical Assistance-Equality Studies	0.4
33B ESF	OP Technical Assistance	0.9
TOTAL		5,965.7

Annex A

Nationally based Indicators to measure adherence to and performance against certain aspects of the European Employment Strategy.

Context

The idea of measuring and comparing performance is central to the European Employment Strategy. Comparison between Member States facilitates identification of strengths and weaknesses inherent in Member States Labour Markets and also forms the basis for “peer pressure” in tackling areas where a need for improvement are evident. Normally these comparisons are based on statistics supplied by the National Statistics bureau (in Ireland the CSO) and verified by Eurostat, thus giving cross country comparability. In the case of certain data requirements to measure adherence to the guidelines, as well as performance against targets identified, indicators are not available on a harmonised basis and must be developed based on National Sources. As these indicators cannot offer the degree of cross country comparability that agreed Eurostat data does, it has been agreed to focus on the trend within member states as opposed to conducting a ranking exercise. Outlined below are indicators based on National Sources for Specific Guideline 1 on Prevention and Activation.

A) Prevention

Indicator Code	Definition ²	U-25's	Adults
Prev 3	Rate of inflow into long-term unemployment (share of young (adult) persons who are still unemployed at the end of month X+6 (12) without any break),	11.74%	12.86%
Prev 2c	Share of young/adult unemployed becoming unemployed in month X, having benefited from intensive counselling and job-search assistance before reaching 6/12 months unemployment	5.75%	7.37%
Prev 2a	Share of young/adult unemployed becoming unemployed in month X, still unemployed in month X+6/12, and not having been offered a new start in the form of training, retraining, work experience, a job or other employability measure	59.60%	49.00%

B) Activation

Indicator	Definition	Value
ACT 1	Number of participants in training and similar measures who were previously registered unemployed related to the number of registered unemployed (yearly averages). Broken down by types of measures and gender	32.31% ³
		or
		48.60% ⁴
ACT 1(a)	Number of long-term registered unemployed participants in an active measure (training, retraining, work experience or other employability measure) in relation to the number of registered long-term unemployed (yearly averages). Broken down by types of measures and gender.	60.31% ²
		or
		73.68% ³

² Please note that due to the timing of collection of administrative data in the Irish context that the indicators regarding prevention, and in particular the indicator re inflow into LTU are measured at 7 months for under 25's and 10 months for adults. (not 6 and 12 respectively as put forth in the Guidelines)

³ Using the Live Register of Unemployed and the Live Register Duration analysis as reference data to measure unemployment and Long term Unemployment.

⁴ Using the ILO agreed measure of unemployment and long term unemployment as measured in the Quarterly National Household survey. (QNHS)

Annex B

Community and Voluntary Pillar Response to the Draft National Employment Action Plan

The Community and Voluntary Pillar welcomes the opportunity to provide comments / critique on the draft National Employment Action Plan 2003 (NEAP). This critique will be largely based on the NEAP submission made by the Community and Voluntary pillar to the Department of Enterprise, Trade and Employment in July 2003.

In general, while the Draft Plan does offer some positive proposals and covers a broad spectrum of issues, it is weak in many areas. Primarily this includes its heavy reliance on Sustaining Progress as a framework, the lack of specifics in terms of targets / tangible outcomes and a notable reluctance to commit resources either financial, personnel or other.

The Draft Plan is mainly a restatement of current Government policy with few new developments / actions. In fact little from the Community and Voluntary pillar submission was taken on board. This lack of forward-looking vision makes the attainment of the objectives of creating "stable and quality employment for all" and "to eliminate long-term unemployment ... in any event not later than 2007" all that much harder.

1. Economic, Social and Political Context

Review of 2002

The review presented in the Draft Plan presents a fair reflection of labour market trends in 2002. However, there is little reference to the ongoing low levels of expenditure in social protection, which exacerbates poverty and hinders people from accessing the labour market. Ireland's expenditure according to Timonen (2003), is one of the lowest in the EU.

Outlook for 2003-2005

The Draft Plan does not adequately address the issue of unemployment, which has risen consistently throughout 2003 (see tables) and this trend is expected to continue. The prospect of a return to high rates of unemployment is becoming more real with the closure of each enterprise.

Quarter/year	Q1 2000	Q4 2000	Q1 2001	Q4 2001	Q1 2002	Q4 2002	Q1 2003
Numbers unemployed	81,500	68,800	65,600	72,600	80,000	84,100	84,900
Unemployment rate	4.7	3.9	3.7	4	4.4	4.5	4.6

While the Community and Voluntary pillar recognises the current uncertain economic climate and that difficult choices have to be made, such choices should prioritise those distanced from the labour market. Ireland's combination of having a low tax regime, excessive spending and inadequately financed social welfare system has resulted in Ireland having one of the worst poverty records in the EU, despite being one of the richest countries. To date, many of the priorities of Government fiscal policies have favoured the rich over the poor and this must not continue if the Government is to make a 'decisive impact on the eradication of poverty and social exclusion by 2010,' (European Social Inclusion Strategy). Definite choices have to be made both in terms of raising more revenue and of directing more resources towards people and communities suffering poverty and social exclusion.

It is worrying to see that in 2003, the level of dependency on the US and UK economy for Irish economic development is as strong as ever. In order to achieve a competitive, sustainable and diverse labour market emphasis must shift away from reliance on inward investment to the creation of indigenous viable firms.

Overarching Objectives of the European Employment Strategy

The Community and Voluntary Pillar is disappointed that the actions stated in the Draft Plan do not fully reflect the overarching objectives. This is especially the case under the social cohesion and inclusion objective, because despite outlining the NAPS targets much of the actions stated in the Draft Plan will not assist in their attainment.

2. Implementing the European Employment Strategy

2.1 Prevention and Activation

Context

Although the Draft Plan correctly states that the preventative strategy will be rolled out to all persons aged 18-54 who are over six months unemployed by the end of 2003, it does not commit any extra resources to meet the needs of these people. To guarantee success with this strategy, it is imperative that the following actions are undertaken and included in the NEAP:

A commitment that sufficient resources, initiatives and schemes be in operation to provide suitable choices to unemployed people. These include relevant job vacancies, places in employment support programmes /schemes, adequate places on training and education courses etc. Throughout the implementation of this strategy, no referral should be coerced into inappropriate work / training.

Effective outreach to specific groups, who traditionally have a low take up rate of current supports and services, should be conducted to encourage their participation. Such groups include people with disabilities, women, rural unemployed and Travellers.

A more inclusive monitoring and reporting mechanism is needed. Outcomes should not be reported in terms of the numbers who left the Live Register but in terms of the post Live Register outcomes for the individuals. Attention should focus on qualitative analysis of outcomes from the perspective of the suitability, sustainability and quality of the outcome for the individual client.

To assist in the planning of supports and in particular to augment their relevance and appropriateness to the target group, data collection on referrals must be improved. Basic quantitative statistics are inadequate, additional material covering a range of demographic, socio-economic, equality and social indicators is needed.

There is much confusion around the High Unemployment Area initiative. Although all actions aimed at assisting those in areas of high unemployment are welcome, it is unclear whether this initiative will continue, what is the budget for it and what the outcomes have been for the clients.

The Draft Plan states that a training fund of up €2,500 per person is available for those undertaking the High Supports Process (HSP) initiative. It is our understanding that this HSP is wider than training and is designed to address particular personal employability barriers. This HSP should be rolled out nationally. Also to increase effectiveness, the pilot areas running the HSP should be evaluated and the findings disseminated especially in the area of sharing models of good practice that worked for high supports clients.

Active Labour Market Programme Provision

Throughout 2003, a series of cutbacks to ALMP's has considerably reduced the numbers on these programmes particularly Community Employment (CE) and Jobs Initiative (JI). These programmes offer valuable work experience, training and personal development to unemployed people as well as lone parents and people with disabilities. In December 2002, the Department of Enterprise, Trade and Employment made a unilateral decision to reduce the numbers participating on CE from 25,000 to 20,000 with no regard to the impact on the individuals concerned and the services they provide in their community.

These cuts were regarded as a breach of the social partnership agreement 'Programme for Prosperity and Fairness'. To date no replacement programme has been introduced and it is envisaged that further cuts to ALMP's is likely. This will place further pressure on the places that have not being ring fenced and will leave some communities void of essential services and reduce the employment opportunities open to unemployed people.

Active Labour Market Policy Development

This section of the Draft Plan is extremely weak as it provides no indication on the future of ALMP's and how any reorientation of the programmes towards progression and employability could impact on vital community services. Will these community services continue outside an ALMP framework, for example mainstreaming services?

The Community and Voluntary Pillar feel that it is essential that any future policy regarding ALMP's particularly CE and Job Initiative (JI) take cognisance of the recommendations arising from the Standing Committee of the Labour Market report.

To do otherwise is at best inept and at worst will do serious damage to people who are long-term unemployed and to local communities who depend on the services being provided by the community and voluntary sector. Any changes to current ALMP's must, at a minimum, maintain the current 2003 budget and places to ensure the continuation of the underpinning functions of the existing schemes:

- An employment opportunity for individuals to gain work experience and skills to progress to the open labour market
- A provider of valuable services to local communities, delivered mostly by organisations in the community and voluntary sectors
- Providing a form of "sheltered" employment for a number of people

The Draft Plan makes no reference to the faltering social economy programme which is failing in its original objectives because the Government has failed to provide the amount of money that was originally earmarked for the programme. There is no commitment of resources to this initiative to ensure that local communities are not without essential services and that local unemployed people have a work experience option open to them in their area. The Social Economy Programme should aim at fulfilling the largely unsatisfied 2nd and 3rd categories outlined in the framework for the existing social economy programme⁵, i.e.

Deficient Demand Social Economy Enterprises – where the demand for particular goods and services within a community is not matched by the communities ability to pay due to disadvantage or low density of population

Enterprises based on Public Sector Contracts – where there is potential for public sector expenditure in disadvantaged communities to be sub-contracted to local social economy enterprises.

⁵ The 1st Category refers to: "Community Business - which would be expected to become self- financing in the medium term". The vast majority of initiatives supported by the current scheme are aimed at fulfilling this brief.

2.2 Job Creation & Entrepreneurship

Context

The Draft Plan presents a detailed overview of current actions being undertaken to stimulate job creation but fails to make a commitment that budgets to job creation agencies such as Enterprise Ireland and the County Enterprise Boards be extended. There is also no commitment that initiatives such as Seed Capital Scheme and the Chamber of Commerce's E-Business programme will continue throughout 2003 and beyond despite proving to be a valuable resource for facilitating e-business development. Lastly, there are no tangible targets / outcomes set in order to measure performance against.

There is too much emphasis on creating high tech, highly skilled jobs that would correspondingly require a highly educated staff. Employment opportunities are needed in all sectors and all positions to accommodate the diverse labour supply available. Much of the current Government supports outlined target companies that hope to set up business or expand, but there is also a need to encourage entrepreneurship amongst individuals including unemployed people.

Therefore, the qualifying period for the Back to Work Enterprise Allowance (BTWEA) should return to 12 months as opposed to 5 years. Research has shown that the longer a person is unemployed the less likely they are to have the resources, motivation and supports to set up a business. Whereas, the BTWEA when available to those over 1 year unemployed has proved to be an effective tool to assist them to set up their own business and remain off welfare.

There is no commitment to review the accessibility and relevance of enterprise supports for certain groups in particular women returners, Travellers and other minority ethnic groups. These groups should be involved in the design and delivery of programmes that will encourage and assist them to turn their current skills and knowledge into an entrepreneurial opportunity. For some groups (particularly Travellers) self-employment has been their preferred choice of economic activity but to date they have received little or no recognition or support from the State for this type of work.

The Draft Plan contains no rural perspective. The number of smaller holdings is decreasing as EU policy is geared towards fewer farms of larger size. In order to ensure regional balanced development, supports must be available to enable farmers of small holdings transfer their skills set and property into another viable economic venture.

2.3 Change, Adaptability and Mobility in the Labour Market

Context

The introduction of greater adaptability is a major challenge to employers. For many of the workforce greater adaptability is essential if they are to be productive in their working lives. Employers especially those in small and medium sized enterprises should be encouraged to accept flexible working arrangements such as working from home, job-sharing and flexi-time. There should be the possibility of 'soft skills training' for CE and JI participants and other target groups in low paid employment, prior to the commencement of any formal training.

There should be a commitment to developing a strategy to improve the quality of work available to workers and by developing indicators to monitor this area. More emphasis should be placed on improving the quality of jobs available, and the education, training and lifelong learning capacity of people in the labour force.

Legislation

We welcome the commitment on employment rights legislation in this regard, and we are sure that all the social partners will ensure that the legislation adequately looks after the interests of the employee. National organisations representing those most affected by inflexibility in the workplace (e.g. women, lone parents) should also be involved in framing such legislation.

The legislation should include the introduction of part-time unemployment benefits to enable those only seeking part-time work to get a payment. This is particularly important for parents, especially those parenting alone, and carers and would recognise time spent caring and would ensure that the unemployment of those parents seeking part time work can be legitimately recognised. Presently, many people only seek part-time work because of their other commitments but as a result are categorised economically inactive and therefore ineligible for an unemployment payment because they fail to meet the 'genuinely seeking work' criteria which focuses only on full time work.

The Protection of Employees Fixed-Term Work Act 2003, which provides protection to those employees on fixed-term contracts, should be extended to include those working in the work permit system, which forces migrant workers to remain with the employer named on the work permit. Anecdotal evidence suggests that migrant workers are not being considered for training or progression opportunities given the short-term nature and insecurity of their employment status. This may occur in situations even where they have worked for the same company for a number of years. In order to overcome this the employee should own (or at the very least co-own) the permit. Work permits are issued up to one year. This should be extended to a two-year option.

e-Working

It is imperative that the barriers including access, skills and awareness of ICT for people from disadvantaged communities be eliminated and resources for e-learning targeted to schools in disadvantaged areas. To this end the Community & Voluntary sector have a key role in the delivery of support and services to encourage access and effective use of Information and Communication Technologies (ICT) by people experiencing disadvantage. However, there is an urgent need for ICT supports and training within the sector and provision of reliable consistent and multi-year funding in order to achieve this goal.

The e-Work Action Forum is a welcome development but the Draft Plan gives no indication that this initiative will continue. Such a Forum is needed to promote the possibility of e-work employment opportunities as a real alternative for groups such as people with disabilities and women returners.

Increased physical labour market mobility can only be enhanced by improving the public transport system, particularly in rural areas where commuting to work by public transport often proves very difficult - thereby restricting their employment opportunities to one geographic location.

2.4 Human Capital and Lifelong Learning

Context

Like many of the other actions stated under the guidelines they are all posed within the framework of *Sustaining Progress*, which in itself is heavily qualified with the phrase "as resources permit", which obviously raises questions regarding the ability to implement these actions.

Lifelong Learning

Although the Draft Plan outlines some of the progress made in relation to the implementation of the Taskforce on Lifelong Learning, there is still much to be done. Therefore, there needs to be a clearer commitment to the full implementation of the report on the Taskforce on Lifelong Learning and the Provisions within the White Paper on Adult Education.

Training

All the actions / initiatives stated under training are for those already in the workforce. Some of these are yet to be implemented and there is no mention of budgets or number of people who will benefit from this training. Similarly there is no guarantee that these supports will continue.

The in-company training should include basic education programmes such as literacy. It is important to target women in this area as often women returners face downward mobility when returning to the workforce and therefore need to re-skill themselves. A dedicated fund should be established which employers and practitioners could access for the development of such programmes. Innovative projects, which aim to upgrade skills, enhance career prospects and promote the educational progression of young adults who left school before completion and are now in employment, should be further developed.

Specific training programmes need to be created or enhanced for those trying to access the labour market and these programmes must meet the disability accessibility requirements. This would include specific education, training and employment service supports (including access to flexible needs-based English language training) to meet the particular needs of refugees and asylum seekers, as well as other migrant workers and their dependents. The qualifications of non-nationals should be recognised by the National Qualifications Authority of Ireland.

In addition migrant workers have significant difficulty in accessing FÁS support services. The general assumption is that if a migrant worker is unemployed then he or she is not legally resident in the state. This is untrue as the legal status is determined by the leave to remain stamp in the passport. Therefore a person may lose his/her job within a few weeks of arriving in the state and be legally entitled to reside here for the following year. Likewise a worker may be working for a number of years and have paid PRSI. Frequently there are difficulties due to confusion regarding the legal position of that person. Migrant workers should have full and equal access to training opportunities offered by FÁS. They should also be able to access the support services of FÁS in the event of becoming unemployed.

For Travellers there is an issue concerning the low levels of formal education and recognised skills which are impacted by the lack of attention at policy level to the particular needs of Travellers in the design and delivery of education, training and targeted supports. In order to overcome this employment support services and training providers need to consult with Travellers in a respectful way.

Education

Despite investment in adult literacy increasing, the need for such education is as strong as ever and financial commitments are needed if the NAPS targets in this area are to be realised. In this section, there are no tangible outcomes or targets under each action in order to assess its effectiveness and performance. A new initiative should be established providing a systematic approach to paid statutory educational leave, with a particular focus on supporting the least educated and least skilled workers to access education.

Both Youthreach and VTOS provide valuable second chance education to young adults.

However, this may no longer be an option for many because the budget for childcare supports was cut by 37% in 2003 which has a knock on effect on the participants' ability to attend if they are unable to secure childcare arrangements within their budget. There needs to be a commitment that this budget will be reinstated to enable parents the opportunity to educate and upskill themselves.

2.5 Labour Supply and Active Ageing

Context

Unfortunately this section of the Draft Plan does not go far enough in its actions to increase labour supply or support active aging. It is very minimalist in its approach to immigrant participation by totally ignoring the potential of asylum seekers.

In order to increase the employment participation rate of those currently distanced from the labour market specific investment is needed to combat the barriers that they face. These barriers are multifaceted and impact differently on different groups but they include inadequate childcare facilities, literacy difficulties, buildings being inaccessible, poor public transport infrastructure (particularly in rural areas), inflexible working conditions and inadequate job opportunities in their areas. Addressing these difficulties would assist in achieving the NAPS target of reducing the level of unemployment experienced by vulnerable groups towards the national average by 2007. To aid the attainment of this target, all legislation should also be poverty and equality proofed to ensure that it would not impact negatively on people's access to the labour market.

Immigrant Participation

To tap into the additional labour supply resulting from immigration, a planned approach to the long-term integration of migrant workers, asylum-seekers and refugees is needed. These individuals are not just potentially units of labour but persons with economic, social and cultural needs and rights. To aid this integration process and increase labour supply, asylum seekers should be granted the right to work, where the Government fails to meet its own stated objective to definitively process all stages of an asylum application within six months. The initial six months should be used to enhance their employability by providing access to English language training.

In the interim, to avoid deskilling and further socially excluding asylum-seekers they should be entitled to work or participate in state-funded training and employment schemes.

The Employment Permit Act 2003 is restrictive and does little to benefit the employee. The work permit is still the responsibility of the employer and the employee is tied to him / her yet the Act can criminalize the employee for entering a contract of employment with the employer without proof of the permit.

Recent decisions to review categories of work eligible for work permits have generated huge difficulties for migrant workers. These include where migrants are employed in areas that are now banned. They find that they cannot leave positions that are exploitative as they will not be able to secure employment in the same category as it is now excluded. Where there is evidence of exploitation, such workers should be allowed to seek work in the same category i.e. childcare. Future decisions on excluding certain areas of work should be based on clear criteria and be set in a short to medium to long-term analysis of the labour market.

Older Workers

The Draft Plan states that the refocusing of the Back to Work allowance will be beneficial to older workers – is there any proof of that yet? The qualifying period was extended to 5 years unemployed but the age threshold still remains at 23 years old.

The promotion of active ageing must eliminate all age discrimination practices from recruitment through to access to job promotion/training to flexible retirement practices. The availability of offering gradual retirement should be actively pursued to those approaching 65, this in turn would help dispel the false presumption that everyone over 65 is out of the work and dependent on the State. Also, to assist the re-entry of older unemployed people to the labour market, the preventative strategy of the NEAP should be extended to include all persons over 55 years who are more than six months unemployed as recommended in NESF (2003) report on Labour Market Issues for Older Workers.

2.6 Gender Equality

Context

This section heavily documents work to date of different units, research projects and initiatives but does not focus adequately on women trying to access the labour market and correspondingly does little to improve their situation. For women, equality of access and opportunity to the labour market has been hindered by the impact of cutbacks together with inadequate policies to address their needs. Of particular relevance is the:

- Lack of childcare provision
- Lack of value and support placed on undertaking caring responsibilities
- CE cuts are disproportionately affecting women, especially lone parents.
- Lack of part-time job opportunities
- Inadequate social welfare payments

The FÁS initiative 'Expanding the Workforce' should be extended to all areas, thereby establishing a mainstream National Support Programme for Women Returners, as recommended by the National Economic and Social Forum (NESF) report on Alleviating Labour Shortages 2001.

For younger mothers, funding and other resources should be available to support them to continue their education and subsequently enhance their employability prospects.

Men are totally excluded from this section. Men experience a higher rate of unemployment than women and in particular older unemployed men. According to the QNHS for the 1st quarter of 2003 the male unemployment rate for those aged between 55-64 years was 4.9% in comparison to a female rate of 2.8%. One reason for this is that women in the home are not claiming an unemployment payment. However, provision of supports to enhance the employability of older unemployed men is required and such provision must be available countrywide. This is extremely pertinent now as many of the employees who lost their jobs in recent factory closures would have worked for many years in that industry and so will require assistance to enhance their employability chances.

Childcare Services

Government funding for affordable childcare has yet to yield any significant gains for women returning to the workforce and remains one of the biggest obstacles to attaining the EU targets of 57% of women in the labour force by 2005 and 60% by 2010. A flexible childcare system needs to be established that would facilitate parents working outside the 9-5 working day and those participating in adult education or mainstream education and training. It should be provided in a range of formats not just crèche based, but also increased emphasis on provision at community level and within the workplace.

2.7 Promoting Integration, combating Discrimination and tackling Disadvantage in the Labour Market.

2.7.1 Context

In order to ensure equality of access and opportunity in the labour market across the 9 anti-discrimination grounds outlined in the Equal Status Act 2000 and the Employment Equality Act 1998, employment targets need to be specified for each group experiencing risk and exposure to vulnerability. More emphasis is needed on actions to assist those who are experiencing multiple forms of disadvantage for example class, race, disability and guidance is required to translate national employment targets into local policies and actions. The specific groups concerned should be involved in the design and delivery of these actions.

People with Disabilities

Any of the actions taken under this NEAP to increase participation and access to the labour market for people with disabilities must be taken as part of an overall drive to eradicate institutional and attitudinal barriers. Unfortunately, many of the actions stated including supported employment and FÁS disability programmes are all 'resources permitting'. Again this raises questions of commitment to promote integration and tackling disadvantage in the labour market.

Disability accessibility is a major problem as well as the increased cost of having a disability, a situation that is exacerbated in rural areas. Aligned to this is the cost of workplace adaptations, which in the interests of promoting equality of access to the labour market for people with disabilities, should be tax deductible. Also the disability awareness training as alluded to in the Plan should be tax deductible.

Early School Leavers

The National Education Welfare Board's nationwide service is still in its infancy stage so there are many current early school leavers who are remain vulnerable and at risk of becoming long term unemployed and will not be included in the service.

There is no reference to the Social Guarantee Register which is managed by FÁS and aims to provide comprehensive data on early school leavers.

Travellers

The Draft Plan states that the Government is committed to an integrated strategy to improve the participation and achievement of Travellers at every level of education but provides no indication how this would be achieved.

Workplace equality and diversity training should be promoted, particularly within the private sector because at present many travellers can only access employment by hiding their identity.

Lone Parents

The proposed review of income supports is certainly a new initiative. The terms of reference for the review should be established in consultation with and take place in conjunction with lone parents and their organisations as well as all relevant Government departments. The *National Economic and Social Forum Report No. 20 – Lone Parents* has some useful recommendations which should be examined as part of this review.

2.8 Making Work Pay

Context

In the current climate of cutbacks and economic uncertainty, many financial disincentives still exist that discourage the take up of low paid employment. These include:

- Failure to remove all minimum wage earners from the tax net
- Unrealistically low threshold of €317 for the retention of secondary benefits
- Fear of losing the medical card especially for Travellers and people with disabilities
- Lack of a realisation that having a job is not, of itself, a guarantee that one lives in a poverty-free household. Therefore, there is a need to focus on a living wage rather than a minimum wage, that is adequate and reflects the costs of living.

These and other barriers and anomalies in the social welfare and tax systems must be removed to ensure the removal of all poverty and unemployment traps and guaranteeing that the take-up of employment results in increased income.

Incentives to enhance work attractiveness

The change in the eligibility criteria for the Back to Work allowance scheme from 1 year to 5 years virtually eliminates the scheme. This was a short-sighted decision given the ongoing rise in unemployment, as it has reduced the options available to assist unemployed people to re-enter the labour market. Therefore, this decision must be overturned and the eligibility criteria returned to 1 year.

Preserving an adequate means of social protection

We welcome the restatement of the NAPS target of €150 in 2002 terms for the lowest rates of social welfare by 2007. Budget 2003 did not provide for a sufficient increase to give us confidence that this target will be met. It is important that there is a clear commitment to make up the gap in the Budget in 2004 and subsequently.

The National Minimum Wage

The National Minimum Wage Act must be enforced and monitored while the age restrictions and conditions within the act must be abolished as it discriminates against young workers. Aligned to this, those working within the work permit system are frequently being offered just the national minimum wage regardless of the work undertaken. Therefore the work permit applications should be assessed for the appropriateness of the payment levels in light of the work to be done. Lastly, those working in sheltered employment should be covered under the Act.

2.9 Undeclared Work

Context

This section does not deal at all with the most vulnerable sections of the population who are engaged in undeclared work. Policies aimed at reducing undeclared work must contribute to improve the situation of the people concerned both financially and in terms of providing protection against exploitation.

Many of those engaged in domestic services – e.g. childcare, care of dependant people, cleaning services etc. are women working in the informal economy. These employees are at a high risk of exploitation and discrimination so to transform this work into regular employment would require a comprehensive multi-faceted approach

The assertion that “reduced tax rates act as an incentive to people to pay taxes while increases in the tax rates have the opposite effect” is not borne out by the experiences of other countries in Europe. In Ireland tax evasion has been mainly the domain of the wealthy and much of the economic policies of recent years has permitted this to continue. These issues should be seriously looked at if the issue is to be addressed.

The majority of undocumented workers residing in Ireland and other EU states have entered the country through legal channels. Under the present system it is relatively easy to become undocumented. Some employers frequently undermine the migrant workers legal status as a means of both controlling and silencing him/her.

Many workers do not have access to information about their rights and entitlements and are often too afraid to seek out support. The role of agencies and agents both regulated and unregulated also requires attention. An integrated immigration policy is needed that will ensure increased co-ordination between relevant Government departments, aim to inform undocumented workers of their rights whilst monitoring the employers.

Policies to Reduce Undeclared Work

A disproportionate amount of energy seems to go into tracking down abuses by people in receipt of social welfare payments, while wealthy tax evaders seem to be pursued less vigorously. This must be addressed as a matter of urgency because as can be seen from the Plan, only 57% of employers were found to be compliant in 2002 with their social welfare and tax requirements.

2.10 Addressing Regional Disparities

Context

This section provides a clear overview of current strategies and actions aimed at addressing regional imbalances. However, despite some successes to date with these policies, there is no guarantee that these actions will continue with sufficient resources. There needs to be more supports available to those in the BMW region both in terms of infrastructure improvements and financial supports to ensure that the area remains competitive. This is vitally important now as many of the recent factory closures occurred in the BMW region which already experiences a higher than average unemployment rate. These closures along with the cuts in CE and the freeze in the number of Social Economy projects, are having a huge effect on rural communities – where alternative employment prospects are poor and there is an inadequate public rural transport system to facilitate people to commute to other areas.

For young people, particularly those on low skilled work, the cost of transport and the lack of a directive plan to encourage them to augment their skills must be addressed. This is also a serious issue for small holders who can no longer sustain an income from farming, but whose skills to seek alternative employment are low.

Most alarming is the lack of commentary or commitment to any actions to improve farming as an employment opportunity. The entire Draft Plan is urban orientated in its outlook. Given the huge changes that farming has undergone in recent years the NEAP must reflect these changes and assist the farming communities accordingly as farming is still a major source of employment.

3. Governance and Partnership

Social Partnership- Programme for Sustaining Progress.

The Draft Plan places too much emphasis on the Sustaining Progress agreement and ignores the concerns of the agreement raised by the social partners, namely the low level of specific actions and resources contained in it, particularly in the area of the 10 Special Initiatives. In addition, there is no commitment to maintain current levels of finance and provision through the duration of the plan.

The Draft Plan makes no reference to its implementation and the role of the Community and Voluntary Pillar would have in this implementation at a local and national level. The Pillar is keen to engage with the Government in its implementation and seeks assurance that commitments stated in the NEAP and in Sustaining Progress will be adequately financed to ensure the achievement of stated aims. Otherwise, there is a need to examine and assess what is the Government's commitment to programmes for the unemployed, and people at risk of being further excluded from the labour market.

Recently, the strength of the Government's commitment to partnership has been questioned by some organisations within the Pillar. This was particularly in relation to the changes in to the Back to Work Allowance (BTWA) and the Community Employment (CE) programmes that were made without due reference to the social partners and against a backdrop of rising unemployment

There must be a guarantee that the decisions and recommendations made within committees set up under the partnership process such as the Steering Group of Sustaining Progress and the Standing Committee on the Labour Market are given due weight and consideration.

EHRDOP

There has been no poverty-proofing of expenditure in the Employment and Human Resources Development Operational Programme and a lack of focus in the social inclusion field.