



Ireland

Employment Action Plan

April 1998

Department of Enterprise, Trade and Employment

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SECTION 1

Background

The Conclusions of the extraordinary meeting of the European Council of 20/21 November 1997, and the Council Resolution of 15 December 1997 on the 1998 Employment Guidelines, call for National Employment Action Plans to ensure the transposition of the guidelines into national administrative, regulatory or other measures. The National Action Plans (NAPS) set out the Member States' policy responses to the EU guidelines and the steps they intend to take to implement them.

This document comprises Ireland's Action Plan on Employment, set within the four pillar framework of the 1998 EU Guidelines.

Four Pillars of the 1998 EU Guidelines

- 1. Improving Employability*
- 2. Developing Entrepreneurship*
- 3. Encouraging Adaptability In Businesses And Their Employees*
- 4. Strengthening The Policies For Equal Opportunities*

SECTION 2

Policy Context

2. *Macroeconomic and Labour Market Policy Context*

2.1 *Overview of Present Situation*

Macroeconomic Condition

This decade has seen significant economic progress in Ireland. GDP has increased at an annual average rate of 6%. Employment has increased at an annual average rate of 2.7%. Stability has been maintained with inflation averaging 2.2%. The General Government debt ratio has been reduced from 96% in 1990 to 66% at the end of 1997.

In the last four years, 1993-1997, growth has been particularly strong. The Irish economy has grown in the period by almost 40%. Investment increased by over 15% in 1997, similar to the 1996 performance. Notwithstanding the high level of economic growth, inflation has remained very subdued, having fallen to around 1½% in the past two years when the economy was expanding by an annual average of over 7%.¹

Labour Market Condition

Ireland's strong economic growth is translating into significant employment growth, averaging 4.2% per annum, in the four year period to April 1997, and to a continuing decline in unemployment. Employment changes during this period have been characterised by:

- average annual growth of 5.8% in non-agricultural private sector jobs;
- substantial growth in full-time jobs which represents a fundamental change from previous years;
- average annual growth of 4.4% in service sector jobs;
- a continuation of the structural decline in the numbers in agriculture.

Rapid employment growth is being achieved against a background of significant average annual labour force growth accounted for by:

- continuing strong flows of young persons onto the labour market;
- rapidly rising female participation;
- a reversal of migration trends from a position of substantial net annual outflows to one of net inward migration.

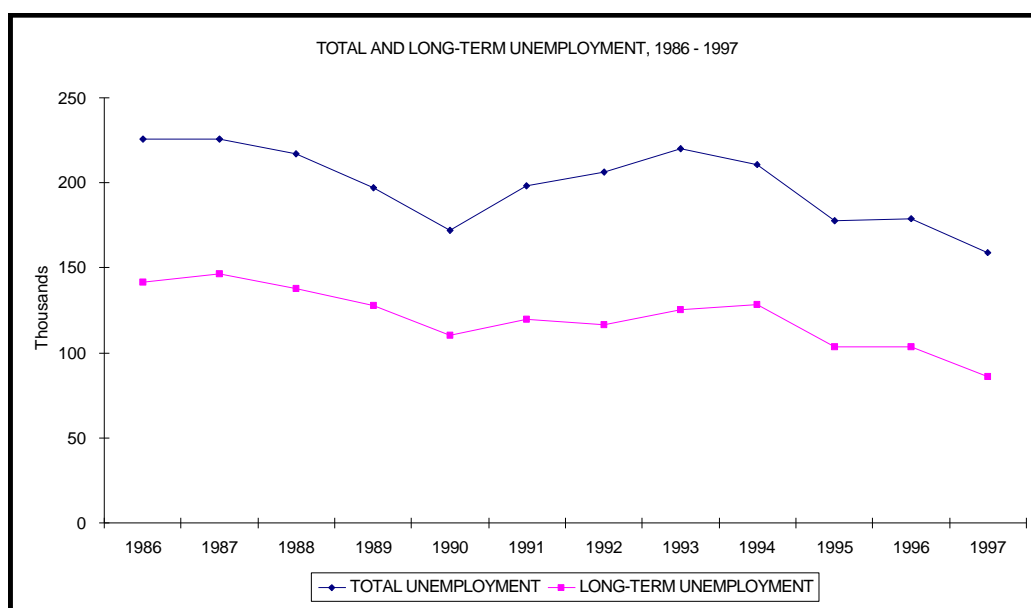
¹ A more meaningful measure of Irish growth performance over the period is given by Gross National Disposable Income (at constant 1990 market prices) adjusted for the terms of trade, which grew at an annual average of 5.75% over the three years 1994 to 1996.

Ireland's exceptional demographic features have given rise to significant annual average labour force growth, of 2.3% per annum in the four year period to April 1997. The labour force currently stands at 1.54m. High rates of economic growth have been required and will continue to be required just to stop unemployment increasing.

Unemployment

Figure 1 provides trend movements in unemployment and long-term unemployment based on the Labour Force Survey, International Labour Office (ILO), measure of unemployment.

Figure 1



Unemployment, which increased in the early 1990s, following the world recession after the Gulf War, subsequently fell sharply in Ireland after 1993, during a period of rapid employment growth. Key data are as follows (April 1997):

- an unemployment rate of 10.3%, which is now below the EU unemployment rate of 10.7% (male 10.4%; female 10.3%);
- a long-term unemployment rate² of 5.6%, down from 9% in 1994 (male 6.3%; female 4.6%);
- a youth unemployment rate³ of 16.1%, which, while higher than the overall rate, has nevertheless reduced considerably from a level of 25.2% in 1993.

Similar trends emerge from live register⁴ changes with significant falls in the number of persons on the register - down by 8.3% (22,200) in the year to end-December 1997 to a level of 244,600, on a seasonally adjusted basis.

² Long term unemployment rate: the proportion of persons one year or more unemployed relative to the labour force.

³ Youth Unemployment rate: proportion of persons under 25 who are unemployed relative to the Labour Force.

⁴ Number of persons in receipt of unemployment compensation payments or credits. Due to changes in eligibility criteria there are persons who are engaged in part-time employment who are entitled to some payments.

2.2 *Current Economic and Employment Strategy*

Government economic and budgetary policy is designed to build on the success achieved to date. This will provide for the strengthening of the economy's capacity for sustainable growth, and for the resources to tackle outstanding problems, including further reducing the numbers unemployed. This will be achieved by keeping inflation low, maintaining a disciplined approach to the public finances, on-going reduction in the national debt, facilitating continuing tax reform, expanding the country's economic infrastructure and improving competitiveness. All of these will be key elements for Ireland's successful participation in Economic and Monetary Union. They will be continued and developed in the framework of the Government Programme - *An Action Programme for the Millennium* - and *Partnership 2000 for Inclusion, Employment and Competitiveness*, the current National Programme agreed between the Government and the Social Partners.

Full employment, over time, is the over-riding employment goal for Irish society. Full employment is defined as paid employment available to all who seek it. With this clear goal in mind, the Government has set two objectives:

- to set a policy framework to increase employment; and
- to bring back into the mainstream of the labour market those who are currently excluded.

Progress towards these objectives is being achieved against a strategic framework of:

- stable macroeconomic policies;
- the consensus approach in successive agreements with the social partners which have provided a framework for social and economic development and for moderation in pay increases, leading to significant employment growth;
- significant productivity improvements in the economy;
- investment in infrastructure, including education, with support from the EU Structural and Cohesion Funds;
- targeted taxation and welfare reforms designed to make it more attractive for employers to offer a job and for a potential recruit to seek and accept a job;
- targeted interventions for priority categories most at risk of becoming long term unemployed and the large stock of current long term unemployed who have been unable to share in the current economic growth.

The marked improvement in the economy and in labour market conditions, based on the strategic approach outline above, combined with appropriate competitiveness and industrial policies which have resulted in strong growth in investment, provide the best opportunity in recent decades to maximise sustainable employment and to ensure that it is shared more equally throughout society.

Key Objective

Based on the foregoing strategic framework, a key objective for Ireland, by end-year 2000, is to:

- **reduce overall unemployment from its current level of 10.3% to 7%; and**
- **maintain the reduction of long-term unemployment, the trend of which has seen a rate decrease to 5.6% in 1997 (from 9% in 1994).**

Although unemployment remains high, some evidence has already emerged of potential labour/skills bottlenecks in particular fields. Such bottlenecks, if not addressed, could have serious negative consequences for future output growth and employment. Labour supply, including skilled labour, rather than demand for labour, is increasingly becoming a key factor influencing Ireland's sustainable growth rate.

2.3 Action Plan and European Social Fund (ESF) supported Measures in the Employment Field

There has been a high level of symmetry between European Social Fund measures in Ireland and the European Employment strategy. This was first manifested in the Irish Multi-Annual Employment Programme prepared pursuant to the Essen European Council in December 1994. In particular, the Human Resources Development Operational Programme (HRD-OP), which accounts for some 80% of mainstream ESF funding under the Irish Community Support Framework (CSF) 1994-1999, supports a range of educational, training and employment-related measures which correspond with the policy direction which was being advocated at the European Union level. That linkage was further strengthened in the course of the Mid-Term Review of the CSF as a whole, and the HRD-OP in particular, which was completed in July 1997. This complementarity is being maintained in the current National Action Plan and will be further strengthened in the period ahead in the context of the preparation of national proposals for the post-1999 Structural Funds support.

2.4 Strategic Response to the Employment Guidelines - Overview

The actions which will be taken by Government, in pursuit of the EU Guidelines under each of the four pillars, are set out comprehensively in **Section 4** of the Employment Action Plan, having due regard to the strategic macroeconomic and labour market policy framework as described in the previous paragraphs. The following overview - **Section 3** - gives an indication of the strategic thrust of future policy against the framework of the 1998 EU Guidelines.

SECTION 3

Strategic Overview

3.1 Improving Employability

3.1.(i) Context

Despite recent significant employment growth, unemployment remains a formidable problem with a significant structural dimension. Key characteristics include:

- an unacceptably high unemployment rate of 10.3%, even though it has fallen from 15.7% in 1993;
- a long-term unemployment rate of 5.6% which, while it has fallen from 9% in 1994, remains a formidable problem, representing one of the highest incidences of long-term unemployment in the EU;
- 47% of long-term unemployed have been unemployed for three years or more;
- a Youth unemployment rate of 16.1% in 1997 which, while it has fallen from 25.2% in 1993, remains above the adult unemployment rate.

Employability and Human Resource Investment

The possession of relevant qualifications is the key to successful participation in the labour market. Investment in education and training is a key national priority both for promoting individuals' employability and for national competitiveness. It is immensely important in securing competitive advantage for both firms and nations in the knowledge-driven global economy. Key elements of current policy include providing a continuum of quality education and training from early childhood through to adulthood, addressing disadvantage and early school leaving and maximising participation rates in education so that 90% of students complete upper secondary education (the current retention rate is 81%), providing targeted actions for those who have left the system early, and ensuring the responsiveness of the system to rapidly changing social and economic needs and emerging skill areas.

Employability and Active Labour Market Policy

Irish labour market policy has a significant active component. This emphasis on policies to mobilise the supply of labour is consistent with the EU-wide approach to shift labour market expenditures from passive to active measures. Targeted interventions, in Ireland, on behalf of the unemployed are substantial both in range and scale, comprising direct employment creation (public or non-profit), training, programmes which subsidise the employment of previously unemployed people in the private sector, and in-work benefits. The main thrust of Ireland's active labour market policy is geared towards re-integration of the long term unemployed into the open labour market. Active labour market expenditure

in Ireland (in 1996) was in excess of €IR800 million, equivalent to 1.75% of GDP, which represents a scale of intervention among the highest in the EU and OECD Member States.

Employability and Labour Market Inclusion

Employability is a key policy element in tackling labour market and social exclusion. Ireland has committed itself to a National Anti-Poverty Strategy which includes among its goals an increase in the overall number of jobs in the economy and a commitment that long-term unemployed and other categories at greatest disadvantage in the labour market will be able to access training and other labour market reintegration opportunities. This is being done, as set out in more detail elsewhere in this Plan. Active labour interventions have been developed over time in response to perceived needs. The coherence of programmes and delivery mechanisms are key ongoing goals.

With the positive support of the European Commission, including significant financial support from EU Structural Funds, Ireland has developed some useful models of area-based interventions in tackling unemployment. For example, the Local Employment Service (LES), which was piloted by one of the original area-based Partnership companies), brings together the resources of State Agencies and community-based organisations and receives support from the social partners. Its focus is on persons at greatest disadvantage in the labour market in targeted areas of high unemployment. It complements other employment support services including the FÁS⁵ Employment Service and the reintegration support service delivered by the Department of Social Community and Family Affairs. Partnership Companies and Community Groups also provide an integrated package of supports and services aimed at the long term unemployed and other marginalised groups. This strategy is based on an acknowledgement that addressing long term unemployment requires a balance of social and economic interventions to address multiple factors that contribute to exclusion from the labour market.

Travellers⁶ are dealt with as a distinct group in the labour market, requiring extra supports and targeted measures. Special eligibility criteria for labour market reintegration programmes are in place and this will continue to be the case. Traveller Training Centres and traveller groups throughout the country provide courses and work experience specifically geared towards meeting the needs of the Traveller Community. The establishment, by the Department of Justice, Equality and Law Reform, of a Monitoring Committee to monitor progress in relation to the recommendations of the Report of the Task Force on the Travelling Community will serve as a mechanism for a measurement of progress in relation to the integration of Travellers into the labour market. A commitment to promote the traveller economy is also contained in Partnership 2000.

The Department of Justice, Equality and Law Reform funds social integration programmes through three services - An Garda Síochána⁷, Probation and Welfare Service, Prison Service - targeted at young people in severely socially excluded areas, at young offenders and at prisoners with poor educational attainment and limited qualifications. The purpose of these programmes is to improve the levels of personal development, training and skills of the participants so as to enhance their prospects of obtaining employment and to

⁵ FÁS - the National Training and Employment Authority

⁶ Travellers are a minority group in Ireland with a distinct culture and identity based on a tradition of nomadism. While they have their own language and traditions they share cultural characteristics with Roma and Gypsy groups across the EU.

⁷ An Garda Síochána - the Irish Police Force

optimise opportunities for their integration into the labour market. The programme for prisoners is supported within the Human Resources Operational Programme of the CSF and includes support in obtaining employment after release from prison.

3.1.(ii) Future Strategic Direction

Combined with stable macroeconomic policies, investment in education and training will be key components of policy aimed at promoting individuals' employability and meeting national competitiveness needs. On the fiscal front, policies will be pursued which continue to focus on key structural issues aimed at reducing the tax wedge, improving the interaction of tax and welfare systems and the provision of in-work supports as major instruments to achieve national labour market goals.

The core orientation of the Employability pillar in the EU Guidelines which is based on a preventative strategy, is focused on early and systematic intervention with unemployed people, re-integrating them into the labour market as quickly as possible, inter alia, by providing them with the necessary skills to improve their employability. Emphasis is also placed on human resource investment to meet the needs of a modern economy, with particular reference to the need to increase the opportunities for unemployed people to enhance their skills, on a strengthening of education systems, and on the prevention of early school leaving.

A key strategic issue for Ireland in addressing the EU Guidelines, given the particular characteristics of its labour market, is that of finding the correct balance between the preventative and reintegration strategies⁸. The scale of long-term unemployment is such that there will be a need to continue to concentrate a range of programmes on the core stock of long-term unemployed. At the same time, the importance of the preventative component in choking-off inflows into long term unemployment is accepted. The prescription proposed under this Guideline of systematic engagement with unemployed people, within various duration thresholds, has featured only to a limited extent in Irish labour market policies to address long-term unemployment issues. Its adoption constitutes a major challenge which will require the development and adaptation of current processes and structures in the period ahead.

Ireland is committed to move towards implementation of the Guideline within the time frame proposed, bearing in mind also that there must be a continuing focus on the needs of those who comprise the stock of long term unemployed.

Overall the Irish policy focus and actions will be to:

- Address and improve the tax and welfare wedges, and tackle unemployment and poverty traps, so as to ensure that work taking is always rewarded. The priority will be to continue to improve the co-ordination of changes in the tax and social welfare systems to remove disincentives to take up a job, in particular where pay is below average wage;

⁸ A preventative strategy in the context of this document is one which primarily focuses on early intervention with unemployed people with a view to getting them back into employment and preventing their drifting into long term unemployment. A reintegration strategy focuses more on the stock of long-term unemployed and on the actions taken to get them back into employment.

- Adapt and reorient the range of delivery systems and interventions so as to enhance the capacity (with particular reference to Employment Services) to engage systematically and in a timely way with unemployed people and prevent their drifting into long-term unemployment. Procedures will be put in place, within 12 months, to provide for systematic engagement with all persons aged under 25 on the live register at the point where they cross the 6 month unemployment threshold, with a view to offering them a job or other employability support. This process will be extended on a phased basis to adult unemployed persons (25 years and over) reaching the 12 month unemployed duration. This policy will be implemented in the framework of the rights and obligations provisions of paragraph 4.33 of Partnership 2000;
- Provide a balanced and targeted range of programmes and instruments, including training, work experience and in-work supports, which will provide pathways of progression for unemployed people, and particularly the existing people who are long term unemployed, back into open employment; account must be taken in this context also of the representational entitlement of women to the range of programmes in question;
- Introduce a new initiative, *Job Assist*, to assist the long-term unemployed back to work by combining a special tax allowance of £IR3,000 (plus £IR1,000 per child), tapered over three years, available to the long-term unemployed returning to work, with a double deduction for the employers who employ them. The double deduction is available so long as the long-term unemployed person remains employed;
- Prevent and address early school leaving and disadvantage, including in particular through prioritising early education, and offer an attractive range of choices which motivates young people to stay in school to completion of senior cycle;
- Enhance the quality of the education and training system through investment in infrastructure, staff development, science and technology and research and enterprise development, the implementation of the “Schools IT 2000” £IR50m programme aimed at improving IT literacy, and the establishment of a national certification system;
- Implement, in 1998 and 1999, an £IR26m suite of measures with EU Structural Fund support, comprising preventative actions, capacity expansion, enhanced progression opportunities, and guidance and support, aimed at reducing, and addressing the needs of, early school leavers, as agreed in the Irish Community Support Framework (CSF) Mid-Term Review;
- Progress initiatives which mainstream the participation of people with a disability and Travellers within the education and training system and secure enhanced outcomes for these groups
- Respond to the on-going increasing demand for apprenticeship training (the intake of first year apprentices rose from a low of 3,000 in 1994 to 4,200 in 1996 and to almost 5,000 in 1997);
- Increase the proportion of unemployed people and, in particular, long term unemployed participating on FÁS training programmes in accordance with an *Action Plan for the Long-Term Unemployed* to be published later this year. This plan will include specific targets which will be notified to the Commission and monitored. This will be supplemented by opportunities to participate on back to education programmes such

as the Vocational Training Opportunities Scheme (VTOS - a second chance adult education programme) and the Back to Education Allowance (BEA - for those attending recognised second and third level courses). CERT, the national training agency for the tourism sector, will increase by some 8 per cent its throughput of unemployed persons on its courses and will encourage participants in their courses for the unemployed to progress to more highly skilled training programmes;

- Provide, under Sub-Programme 2 of the Operational Programme for Local, Urban and Rural Development, a targeted and integrated range of actions, based on local development plans drawn up by communities with the greatest needs, for unemployed people and their families living in the most disadvantaged areas. The estimated expenditure of this programme in 1998 is £IR20m.
- Promote a framework for lifelong learning which encourages individuals to access quality education and training on an ongoing basis, and enterprises to invest in human resource development, to meet new and rapidly changing skills needs. This requires new flexibilities within the education system in terms of the availability of a mix of full-time and part-time options and more systematic provision for, and funding of, adult education. It also requires enhanced links between business and education/training deliverers as well as enhanced commitment by business to human resource investment. Recognising that cost can be a barrier to on-going training, the Government will be introducing a tax-break in respect of fees of up to £IR1,000 paid for certified training undertaken in the domains of work-relevant languages and information technology;
- Make an investment of £IR250m over the next three years, in the framework of the Education Technology Investment Fund, to promote technology in education and responses to emerging skill needs, in partnership with industry.

3.2 *Developing Entrepreneurship*

3.2.(i) *Context*

Ireland is a nation of small businesses. It is estimated that 98% of our non-farm businesses employ under 50 employees and that 90% employ fewer than 10 people. Consequently, the policy focus under this pillar is on creating an environment in which existing small businesses can flourish and expand and which facilitates and encourages the emergence of new, small and micro businesses. Policy in this respect is informed by the *Report of the Task force on Small Business* which reported in 1994 and the services strategy paper entitled, *A Government Strategy for Services*, published in 1997, and by the Small Business and Services Forum which advises the Minister for Enterprise, Trade and Employment. In addition new policy instruments, in the form specifically of County Enterprise Boards, have been established (35 throughout the country) with a view to promoting the development of micro-businesses at the local level. Experience generated through the NOW⁹ EU Employment Initiative will also feed through into business creation strategies.

⁹ New Opportunities for Women

Under Sub-Programme 2 of the Local Development Programme (see 3.1 (ii)), a target for the establishment of 4,600 enterprises (3640 of them new start-ups) was provided for in the period 1994-1999, with approximately 1.5 jobs per enterprise. By end 1997, about 7,000 people had set up their own businesses with Partnership help - 80% of these had previously been long-term unemployed. Based on experience to date - and following the Mid-Term Review - the targets and indicators for the entire programme are being reviewed and those in respect of services and initiatives aimed at the long term unemployed will be raised significantly.

Non-agricultural self-employment has increased substantially since 1980, although from a much lower base than for paid employees. Attempts to promote self-employment among the unemployed include in-work supports such as the Back to Work Allowance Scheme, under which persons can retain their welfare support on a sliding scale for up to 4 years.

In the framework of Partnership 2000, a Working Group comprising Government and the Social Partners is currently considering whether and how the Social Economy might be further stimulated, including whether specifically dedicated new institutional arrangements or financial instruments may be needed. The State is already, directly or indirectly, contributing some €140M., involving some 20,000 participants, to this area of economic activity. This Group is due to report by mid-1998 and any further action will be determined in the light of its considerations.

On the fiscal side, there has been a strong focus in recent years on reducing indirect labour costs (comprising tax and social insurance contributions by employers and employees) both to encourage job creation and job taking. As a result Ireland is at present competitive in European terms in relation to indirect labour costs. An international comparison of the total tax wedge, which includes employer social security contributions, shows that taxes in Ireland are slightly below the OECD average and substantially less than the levels in some continental European countries.¹⁰

3.2.(ii) Future Strategic Direction

Promoting Small Business

Future policy aimed at promoting a positive operational environment for small business will be informed by the recommendations of the Task Force on Small Business, supplemented by the views of the Small Business and Services Forum, and by the Services Strategy document. Elements which will receive particular attention will include:

- Development of a national strategy to ease administrative burdens on small business;
- Access to finance, including examination of the scope for introducing new sources or instruments of finance to support business start-ups;
- Strengthening of the entrepreneurial, technical and vocational dimensions of curricula within second level schools and enhancing the capacity of third level colleges to support industry;

¹⁰ OECD Economic Surveys, Ireland 1997, p.79

- Continued implementation of the Prompt Payments of Accounts Act 1997 which requires State services to ensure that payments are made to all businesses within prescribed limited periods. Consideration will be given within two years to extend this legislation to purchasers in the private sector;
- Implementation of the Small Business Operational Programme (under the EU SME Initiative) which aims to stimulate small and medium sized industrial or service enterprises to adapt to the single market and to ensure that they become internationally competitive.

Self-Employment

Future policy aimed at promoting self-employment, among the unemployed, will include:

- Strengthening of supports available to individual unemployed persons taking up self-employment under the Back to Work Allowance and Area Enterprise Allowance Schemes (currently 58%, or 15,000 unemployed persons, who take up these schemes, go into self-employment) and exploring mechanisms to assist former long term unemployed people with large families to maintain adequate income from self-employment;
- Encouragement of unemployed people, wishing to enter self-employment, to first undertake relevant training such as that provided by the FÁS Enterprise training programme or by Area Partnerships.

Social Economy

Recognising that a range of policy instruments already exist which contribute to activity and employment in the Social Economy (Community Employment, Area Partnerships, the Community Development Programme), any further actions will be determined by the views of the Partnership 2000 Working Group currently examining the potential of the Social Economy to generate sustainable employment and deliver needed services.

Fiscal Strategy

On the fiscal side, strategies to improve employment growth will include:

- Enhancing the attractiveness of taking up employment and tackling poverty traps through allowance and exemption-based taxation mechanisms and through alleviating Employee PRSI¹¹, especially on the low paid;
- Seeking to establish and maintain Employer PRSI rates at levels sensitive to overall labour competitiveness vis-à-vis our trading partners, bearing in mind the need to provide adequately for the Social Insurance benefits to which workers are currently entitled;
- Reducing the standard rate of income tax, the marginal rate for most labour market entrants, to 20% and the higher rate to 42%;
- Reducing the standard rate of corporation tax from its current level of 32% to 12.5%, over the next few years.

¹¹ PRSI - Pay Related Social Insurance - social insurance contribution by employers and employees.

Ireland already applies a reduced rate of VAT of 12.5% on a range of labour intensive services. No further specific initiatives are proposed under this heading.

3.3 Encouraging Adaptability in Businesses and Their Employees

3.3.(i) Context

The essential elements focused upon under this pillar include:

- the use of social partnership at the level of the firm to facilitate modernisation of work organisation, to recognise the mutual benefits from a partnership arrangement and to accommodate the flexibilities needed, including a balanced labour market regulatory framework, to ensure on-going competitiveness;
- promoting, and eliminating obstacles to, investment in human resource development, particularly at the level of the firm.

Partnership at Enterprise Level

The social partnership approach which has played a key role in Irish economic performance has facilitated the development of a shared understanding of the interdependence between the different groups and sectors in the economy in achieving economic success. The concept of partnership has recently been broadened to include community and voluntary organisations representing and working with the unemployed and socially excluded. A strengthening of partnership at the level of enterprise is recognised as a key component in contributing to the on-going development and adoption of new forms of work and work organisation. In order to promote modern work methods in enterprises as well as a partnership approach between employees, their representatives and management at the level of the enterprise, the Irish Government has established the National Centre for Partnership as agreed with the social partners in Partnership 2000.

A direct result of the Government's commitment in Partnership 2000 to an effective and independent competitiveness review mechanism has been an initiative to establish, in May 1997, a National Competitiveness Council (NCC) with representatives of the social partners. The NCC has made recommendations on a range of key competitiveness areas.

Labour Law and the Labour Regulatory Environment

A balanced body of labour legislation, together with measures designed to stimulate employment, provide an appropriate framework for the purpose of achieving an efficient and competitive business environment. The Government consults extensively with the social partners and other relevant interests to identify the means to achieve the legislative objective which minimises the possibility of an adverse impact on business and employment.

Human Resource Investment at the Level of the Firm

This matter was the subject of detailed analysis and prescription in the White Paper on Human Resource Development (1997). The White Paper identified human resource investment as a key factor in ensuring national competitiveness and international comparative advantage; weaknesses and difficulties in this domain, particularly at the level

of small business; and set out a series of policy measures that needed to be implemented to redress the situation.

3.3.(ii) Future Strategic Direction

Partnership at the national level is being deepened and enhanced through its promotion at the level of the firm. A major goal of the National Centre for Partnership is to achieve the optimum participation in partnership at the level of the enterprise in both the public and private sectors. Other specific initiatives include favourable tax treatment for employee share schemes and profit sharing schemes, favourable tax and social welfare treatment for atypical workers, and tax relief for lump-sum payments to employees who take pay cuts to ensure company viability.

The National Competitiveness Council, through its reports and recommendations, will provide a framework for action to address areas affecting national competitiveness.

The labour market legislative environment will continue to be adjusted, as necessary, to respond to new forms of work and work organisation. The emphasis is on a voluntarist approach in which contractual employment matters are primarily a matter for the parties directly concerned, with the State only intervening to ensure that minimum standards are met and abuses are prevented.

On the matter of human resource investment at the level of the firm, the agenda proposed in the White Paper on Human Resource Development will continue to be pursued. Initiatives include extra financial support targeted particularly at small firms to enable them to increase effort in this regard, as well as initiatives aimed at increasing awareness of the importance of human resource investment (see Section 4 of Plan).

The Irish Business and Employers' Confederation (IBEC) and the Irish Congress of Trade Unions (ICTU) have negotiated a National Framework Agreement for the development of Partnership in Competitive Enterprises. The National Framework for Partnership for Competitive Enterprises does not attempt to impose any single structure or model of partnership.

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

3.4 Strengthening the Policies for Equal Opportunities

3.4.(i) Context

The female participation rate¹² has grown significantly over the recent decade. By 1996, at 42%, it had moved close to the then EU average of in excess of 45%. There has also been significant growth in female employment of 148,000 (38%) between 1991 and 1997. While overall unemployment rates for males and females are broadly similar, the rate of *long-term* unemployment is appreciably lower for women (4.6%) than for men (6.3%).

Women remain under-represented in some types of jobs and over-represented in others. It is estimated, however, that 50% of the growth in managerial employment between 1991 and 2003 will be accounted for by increased employment of women¹³.

FÁS' Positive Action Programme for Women has positively contributed to improving access by women to labour market reintegration programmes. Some 49% of participants on FÁS training and employment programmes are female. Female participation rates in CSF-supported education and training measures are specifically monitored and active efforts are in hand to increase these when and wherever scope exists.

In targeting resources, the live register has been widely used as a means of identifying those perceived to be in greatest need, but it has drawbacks from a gender perspective as a gateway for labour market integration measures. Further examination of the issue of access to programmes is currently underway by a Working Group established under Partnership 2000.

In the context of continued rapid employment growth and the possible emergence of labour shortages, efforts to facilitate further rises in female participation will assume increasing importance. The need to ensure availability of childcare provision for employees, particularly in the context of women returning to the workforce, will be crucial. A key player in the provision of childcare will be employers themselves. Partnership 2000 recognised this important labour market area and sought direct action, via the Department of Justice, Equality and Law Reform, on the issue. Several pilot initiatives in this field are being initiated arising from the CSF Mid Term Review. A recent pilot initiative from the Department of Justice, Equality and Law Reform has been launched in conjunction with industry. The State, for its part, has a role to play particularly with respect to individuals and areas which are disadvantaged.

The point also needs to be made that carework goes beyond childcare. It includes care for the elderly, the chronically ill and severely impaired, invalids and the sick. Provision of such care impacts both on job creation and job taking, as well as the need for improving the framework for reconciling work and family life.

People with Disabilities

The extension of employment equality legislation¹⁴, as planned over the lifetime of the Action Plan, also has a direct bearing on people with disabilities. The Report of the

¹² The number of females in the labour force in proportion to the number of working age females (15-64 yr.).

¹³ FÁS/ESRI Occupational Employment Forecasts 2003, November 1997.

Commission on the Status of People with Disabilities, which was published in 1996, focuses on the societal status of, and response to, people with disabilities. From a labour market perspective it seeks to ensure that the needs of such persons wishing to enter or return to the labour force are properly met, and that a more structured and mainstreamed approach is instituted to cater for these needs. Likewise workplace design and workplace technology can be an important element for persons with a disability securing access to employment. As such persons may have been heavily reliant on the social welfare system for financial support, significant disincentives and barriers need to be lifted to provide them with the right to work where they can and wish to do so.

Travellers

The Report of the Task Force on the Travelling Community (1995) has a specific focus on the employment of Travellers within the mainstream labour force and within the Traveller economy. It identifies a three pronged strategy of supports for the Traveller economy, the creation of community businesses by Travellers and Traveller Groups, and affirmative action strategies for Traveller entry into the mainstream labour force. Travellers will benefit from progressive implementation of these recommendations and from the extension of employment equality legislation.

3.4 (ii) Future Strategic Direction

Significant structural measures are planned in relation to strengthening the policies for equal opportunities, in the area of gender discrimination, provision of labour market access for people with disabilities and in the area of restructuring childcare policy.

The main policy objectives are to:

- Introduce further employment equality legislation in relation to women in the workforce and persons with disabilities (1998 and 1999);
- Facilitate, through appropriate interventions and improvements to existing programmes, access by women to the labour market; targets will be established where feasible and appropriate and outcomes will be monitored;
- Implement a range of actions to support gender equity in education by encouraging the take-up by both sexes of non traditional subject choices;
- Introduce and implement the Parental Leave Directive;
- Improve the quality and quantity of childcare provision from an equal opportunities perspective; this will include an expenditure of some £1R0.8M on capital development and 2-year financial support involving some £1IRM for 25 community childcare projects in disadvantaged areas. The development needs in the childcare area will also require consideration in the context of future fiscal decisions and in framing substantive priorities for structural funds support post-1999;

¹⁴ The grounds on which discrimination in employment will be prohibited under employment equality legislation are gender, marital status, family status, sexual orientation, religion, age, disability, race and membership of the Traveller community.

- Promote the integration of, and mainstreaming of responses to, people with disabilities in relation to employment through a new, more structured approach to training and employment services. This will include the transfer of policy responsibility for people with disabilities from the Department of Health and Children to the Department of Enterprise, Trade and Employment during 1998 as well as the enhancement of appropriate initiatives and interventions aimed at facilitating their access to employment.

The particular forms of discrimination facing job seekers from lower socio-economic groups and disadvantaged areas is a key issue in both the preventative and curative responses to long term unemployment. Discussions with the Social Partners will take place to explore the dimensions and potential solutions to the problem.

3.5 Resource Provision

In most instances the actions cited in this Plan are part of multi-annual or ongoing programmes. The expenditure listed below relates in general to the aggregate Exchequer provision made for the programmes in question for 1998, apportioned as far as is possible between the four pillars of the Guidelines. This expenditure, in general, is supplemented by or embodies ESF receipts in 1998 of an estimated £1R324m. ERDF expenditure also contributes to expenditure in some of the areas covered by the Guidelines. Where specific financial provision has been made for specific actions, this has been identified within the pillars or guidelines in question. It should also be borne in mind that implementation of certain of the Guidelines represents Exchequer revenue foregone. On this basis, the estimate of expenditure attributed to the four pillars is as follows:

	£m
Pillar1	
<u>Improving Employability</u>	
Public Employment/Training Services (Administration)	62.0
Active Labour Market Programmes/ In-work Subsidies	398.7
Training/Education	134.1
Other Employability-enhancing Expenditure including Local Initiatives	282.3
Total	877.1

		<i>£m</i>
Pillar 2	<u>Developing Entrepreneurship</u>	
	Active Labour Market Programmes for the Self-employed	58.0
	Loan Subsidy	1.5
	Small Business Operational Programme	13.0
	County Enterprise Boards	21.2
	Total	93.7
Pillar 3	<u>Encouraging Adaptability</u>	
	Training Measures	23.7
	Total	23.7
Pillar 4	<u>Strengthening Equal Opportunities</u>	
	Equality Infrastructure	3.2
	Childcare	2.6
	Schemes supporting Employment of Persons with Disabilities	3.1
	Total	8.9
GRAND TOTAL		1,003.4

3.6 Summary of Overview

The complementarity between the elements in the four pillars of the Guidelines are mirrored in the Irish strategic response outlined above. At the heart of the strategy are the objectives of increasing employment and reducing unemployment, particularly among the long term unemployed and marginalised. The response, in terms of policies and policy instruments, is interlinked, in a framework of stable macroeconomic conditions. It focuses on the demand and supply side of labour. It is about mobilising people, men and women, advantaged and disadvantaged; investing in them to ensure their ongoing employability; tackling discrimination in employment which will be prohibited under employment equality legislation; creating the conditions in which they can be job creators and job takers; and in which they can work together in partnership in a rapidly changing environment to improve national well-being. The following sections outline in greater detail the specific contexts and actions proposed under the individual guidelines.

SECTION 4

Pillar 1

Improving Employability

Tackling Youth Unemployment and Preventing Long-Term Unemployment

Under the guideline Member States will ensure that:

- *every unemployed young person is offered a new start before reaching six months of unemployment, in the form of training, retraining, work practice, a job or other employability measure;*
- *unemployed adults are also offered a fresh start before reaching twelve months of unemployment by one of the aforementioned means or, more generally, by accompanying individual vocational guidance.*

These preventative and employability measures should be combined with measures to promote the reintegration of the long-term unemployed.

4.1 Context

As at April 1997, 10.3% of our labour force are unemployed. The long-term unemployment rate is 5.6%. There is a significant long-persisting structural dimension to Irish unemployment, with long-term unemployment being associated with low levels of education, low skill levels and poor prospects of finding a job which declines with the duration of unemployment. At the same time, some evidence has already emerged of potential labour/skills bottlenecks in particular fields. Such bottlenecks, if not addressed, could have serious negative consequences for future output growth and employment.

Ireland currently has some 86,000 people who are long term unemployed, comprising 56% of all persons unemployed. Over 40,000 of these have been unemployed for 3 years or more. Other target groups for active labour market measures include a proportion of the spouses of long term unemployed and lone parents.

Youth (Under 25 Years)

While youth unemployment has fallen, two major continuing problems can be identified. First, although the number of early school leavers has declined in recent years, the minority of young people with limited qualifications continue to face extremely high unemployment rates. Second, Ireland has an unusually high incidence of long-term unemployment among young people. Those aged under 25 have a long-term unemployment

(LTU) rate of 6.5%, which is higher than the overall national LTU rate. This age group accounts for some 20% of all long-term unemployment.

These two problems are clearly inter-linked, with long-term unemployment being heavily concentrated among the less-qualified. Thus, LTU rates for persons aged 20 to 24 with no qualifications are 8 times higher than for those with third level education. Available data associates poor pay rates and tenuous attachment to the labour market with poor educational attainment.

Adults (over 25)

The unemployment rate for all aged over 25 years is 9%. There is little variation in overall unemployment as between men and women or between broad age-groups (the rate being slightly higher for those aged 25-44 than for those aged over 45-64).

The rate of long-term unemployment, while it varies relatively little by broad age-group, is significantly higher among men, at 6.3%, than women (4.6%). Long-term unemployment also tends to be concentrated among those with lower levels of qualification and in unskilled occupations. The unemployment rate of unskilled labourers, for example, is 40%. On the basis of absolute numbers, the largest concentration of adult long-term unemployment is in the 25-44 age group, where 30,000 men and 16,000 women are recorded as being without work for over one year. Long-term unemployment among adults represents a formidable problem which will continue to require concerted action.

The policy challenge under this EU Guideline is to find a correct balance between the preventative strategy implicit in the main components of the Guideline and at the same time provide an effective response in the form of programmes specifically targeted at supporting the reintegration of the substantial stock of long term unemployed, many of whom find themselves distanced from the labour market. There is no single formula to enable this balance to be achieved. It is a matter of making judgement calls in the light of the quantum of resource available.

The following considerations dictate that the Guidelines prescription cannot be met overnight:

- The preventative strategy proposed in the Guidelines would require an intervention for at least 30,000 young persons per annum (the number of under 25's who currently cross the 6 month unemployment duration threshold per annum), and some 40,000 adult persons per annum which equates to the number of persons over 25 years, who currently cross the one year unemployment duration threshold. Given the difficulties of predicting, at the individual level, the specific young or adult unemployed who are likely to cross these thresholds, it becomes clear that the numbers of persons who would have to be engaged with would inevitably be higher than the figures quoted. The sheer task of gearing up our Employment Services, which for a variety of historical reasons have been modestly resourced, to engage systematically with the numbers involved is a major challenge. That challenge is exacerbated by the fact that these services have a moral, social and economic responsibility to seek to respond to those who are already long term unemployed;
- There is also the issue of the quantum of interventions available to deal with the needs of both those who are already unemployed and new entrants to unemployment. The

two major programmes available comprise Community Employment (41,000 places) and the Back to Work Schemes (33,000 places), both of which are focused on persons over 21/23 years of age who have been unemployed for a year or more. A variety of other initiatives (Jobs Initiative - 2000 places, Jobstart - up to 2,000 places) are specifically targeted at accepted “hard to place” long term unemployed. Only a limited sub-set of these places is available at any point in time for the flow of persons into unemployment and long-term unemployment;

- In addition, while there is a menu of training/education options available to unemployed people (a throughput of some 31,800 delivered by FÁS alone), the reality is that many of these places are not accessible to the substantial number of very poorly qualified unemployed persons because of the level of initial qualifications required to benefit from them. Problems of rigidities in delivery design can also be a relevant.

4.2 National Policy Objectives

The requirement in this pillar of moving to a preventative strategy has been adopted as part of the overall EU Employment Guidelines. Notwithstanding the policy challenges described in the previous paragraph, we are committed to move towards implementation of the Guideline within the time frame proposed, bearing in mind also that there must be a continuing focus on the needs of those who comprise the stock of long term unemployed.

4.3 Future Policy Actions

Under this guideline we will:

Youth

- Put procedures in place, within 12 months, to provide for systematic engagement with all persons aged under 25, on the live register, at the point where they cross the 6 month threshold, with a view to offering them a job or other employability support. The key focus will be to encourage young people into employment and away from a reliance on welfare support through appropriate guidance, counselling and job-search techniques and to encourage those who have particular personal development or skills inadequacies into appropriate development programmes. This commitment will be implemented in the framework of the rights and obligations principles outlined in paragraph 4.33 of Partnership 2000;
- Attention will have to be paid to a number of issues which have emerged in the early implementation of the Youth Progression Programme¹⁵, including the fact that the process has thrown up a significant minority of young unemployed people with such deep-seated problems (e.g. substance abuse, psychological problems) that they cannot be effectively addressed by current labour-market interventions. It will be a priority to identify the precise extent of this problem, and to devise alternative strategies for addressing it.

¹⁵ The Youth Progression Programme (introduced in October 1996) is designed to ensure that young people (aged 18 and 19) who have entered the labour market do not drift into long-term unemployment.

Long Term Adult Unemployed

- Extend to successively older groups of long term unemployed persons the process of systematic engagement with those crossing the 1 year unemployment duration threshold, in a similar policy framework of rights and obligations as will apply in the case of youth unemployed, as soon as it becomes operative for young people. Again the focus will be on providing necessary supports to integrate the persons in question into employment or into appropriate personal or skills development programmes. The objective will be to ensure that this process becomes operative for all age cohorts within the 5-year time frame specified in the Guideline.

General

- Strengthen the Employment Services function in order to meet the commitments under this Guideline. This has already commenced within FÁS. In addition a financial provision of some £IR2.9m has been made available under the Mid-Term CSF review to strengthen the FÁS Employment Service. The Local Employment Service is currently being evaluated. Organisational issues relating in the first instance to the roles of the various strands of the Employment Service currently operating (particularly the FÁS Employment Service and the Local Employment Service), as well as to the inter-relationship between the Employment Service and the Welfare support administration, will be resolved during the course of 1998;
- Continue the focus on reintegration measures for the existing stock of long term unemployed people, including the refinement of targeting and development of tailored responses to particular groups within this category, so as to maximise the numbers that can be assimilated into open employment. Greater targeting on long-term unemployment, called for under the CSF Mid-Term Review, is also relevant in this regard;
- Provide, under Sub-Programme 2 of the Operational Programme for Local, Urban and Rural Development, support for the local development plans drawn up by communities with the greatest needs - with special focus on the integration of the long term unemployed and other marginalised groups. The estimated expenditure of this programme in 1998 is £IR20m.
- Strengthen actions in the area of basic adult education, including literacy, numeracy and technology training. In this context, the Government will shortly publish a Green Paper on Adult Education which will make recommendations on future developments in the context of expanding access to lifelong learning;
- Review a number of current intervention programmes - including *Community Employment Programme* - to evaluate their impact against stated objectives. Concrete recommendations for future policy in this area and changes consistent with the evolving labour market, as appropriate, are expected outcomes of this review (the final report is due mid-1998);
- Continue the ongoing work of developing a national certification framework, particularly with a view to ensuring that the education and training components of reintegration measures are appropriately certified.

Indicators¹⁶

Tackling Youth Unemployment and Preventing Long-Term Unemployment

- unemployment and youth and long-term unemployment rates
- progression levels into open employment
- time-frame for implementing the preventative strategy
- numbers of young people and adult unemployed engaged with through the systematic interventionist strategy and outcomes reported through this process
- reductions in the numbers claiming unemployment welfare support
- education levels of working age population

¹⁶ Indicators under this and other guidelines will, where practicable, be given on a gender breakdown basis.

Transition from Passive Measures to Active Measures

Under the guideline Member States will:

- *endeavour to increase significantly the number of persons benefiting from active measures to improve their employability. In order to increase the numbers of unemployed who are offered training or any similar measure, it will in particular fix a target, in the light of its starting situation, of gradually achieving the average of the three most successful Member States, and at least 20%.*

4.4 Context

Passive to Active Labour Market Measures

Insofar as social policy is concerned, the key issue here is that the benefit systems must be capable of actively supporting employability and provide real incentives for the unemployed to seek and take up work or training opportunities. This is in line with current social policy in Ireland, which has the aim of transforming the welfare system from one concentrating almost exclusively on the provision of income support to a system which actively encourages unemployed people to regain a foothold in the open economy.

Action continues to be taken also to ensure that those receiving unemployment payments are aware of their obligation to actively seek work or to avail of employability enhancing options.

The use of the Welfare income support system in a more active way is shown by the following:

- The Back-to-Work Allowance Scheme has been expanded (27,000 places), and improved technical and other supports put in place; also a further 6,000 are availing of the Area Enterprise Allowance which provides for 100% welfare entitlement retention when taking up self-employment;
- The means test associated with Unemployment Assistance payments has been reformed and simplified so that unemployed people can avail of opportunities to take up casual or part-time work;
- Child income support has been reformed so as to be more neutral vis-à-vis the employment status of the parents - by dedicating resources to Child Benefit and freezing the Child Dependant Allowances associated with social welfare payments. These latter allowances can give rise to significant work disincentives;
- The Family Income Supplement has been enhanced and provides a real incentive to workers in low-paid employment with families to remain in work;
- The introduction of the One-parent Family Payment in 1997, enables lone parents earn up to £IR6,000 per annum without affecting their entitlement to the payment. The ultimate aim is to reduce their dependency on the welfare system;

- The development of the Back-to-Education Programme which encourages unemployed people to acquire the self-esteem, education and skills required to participate actively in the labour market.

Access by Unemployed to Training and other Employability Measures

As indicated in section 3.1.(i), Irish labour market policy has a significant active component with a substantial range of training and other employability programmes available to unemployed persons. A particular area of inadequacy however is with the level of access by long-term unemployed to mainstream training. The proportion of participants at present is just over 11%. This partly reflects a tendency (and frequently a preference) for long-term unemployed, particularly in the over 25/30 year age groups, to focus more on work experience/reintegration programmes (the largest of which - Community Employment - has a structured training component) or on subsidised work programmes (Back to Work Allowance Scheme). However it also reflects an imbalance in the range and nature of mainstream training programmes available, with an inadequate supply of foundation or progression programmes such as would enable many long term unemployed, coming from a low education or skills base, to access the higher skills programmes.

4.5 National Policy Objectives

Realising the above objectives involves both structural adjustment policies to facilitate the transition from unemployment to work, by removing unemployment traps which function as financial disincentives to taking up work, and active policies to improve the skills and competencies of the unemployed and support the search for work. This is being done through the various structural reforms and reviews of the current labour market interventions and policies. This policy is being pursued in conjunction with fiscal strategies, as described in Pillar 2, to improve sustainable jobs growth.

4.6 Future Policy Actions

- Provision has been made for a substantial enhancement of the Family Income Supplement (FIS) scheme. From October 1998, entitlement will be assessed on the basis of net pay rather than on gross pay as at present, thus strengthening the link between FIS and employment, and overcoming the poverty trap associated with the current arrangements;
- An independent review of the effects of secondary benefits (including income related benefits such as the medical card) on the incentive to take up work and training opportunities is underway and will provide valuable guidance on further policy development in this area;
- On the matter of access by unemployed people to training and other employability measures, some 5,000 extra places have been provided for in 1998 under the Back to Work Allowance Scheme, while Community Employment and the Jobs Initiative programmes have been increased by 2000 places in total;

- A key initiative to be launched in the current year will address the problem of low level participation by long term unemployed persons on training programmes. FÁS will be launching an “*Action Programme for the Long-Term Unemployed*” in which it commit itself publicly to specific targets in this domain and will report regularly on performance. The issue will involve more than simply seeking to increase long-term unemployed numbers on existing programmes: it will involve an adjustment in the nature and range of training programmes so as to better tailor them to the needs of such persons and enhance opportunities to progress to higher level skills. The Programme will include quantified targets for the proportion of participants on FÁS’ major training programmes to be recruited from the registered unemployed (specifically the long term unemployed). The Programme will be published and made available to the Commission.

<i>Indicators</i> <i>Transition from Passive Measure to Active Measures</i>
<ul style="list-style-type: none">• Proportion of unemployed participants on training or employability measures relative to total unemployed• Trend in proportion of long term unemployed on training programmes

Encouraging a Partnership Approach

Under the guideline Member States will ensure that:

- *the social partners are urged, at their various levels of responsibility and action, to conclude as soon as possible agreements with a view to increasing the possibilities for training, work experience, traineeships or other measures likely to promote employability.*
- *the Member State and the social partners will endeavour to develop possibilities for lifelong training.*

4.7 Context

Lifelong Learning

The rapidity of technical advances, the introduction of new product and process technologies, changes in management practices and in workplace organisation and globalisation of markets all act to depreciate the existing skills and knowledge possessed by individuals at a much faster pace than in the past. These changes also create a requirement for individuals' to master multiple skills to an extent not required in the past. They also create an imperative on enterprises to invest in human resource development and, in effect, to become learning organisations themselves. Education and training deliverers too must become more flexible both in adapting their curricula to meet prevailing needs and in their delivery. Enhanced links between business and education and training deliverers are critical and ways and means of improving them have been the focus of much of recent policy. The recent establishment of a Business/Education/Training Partnership and of the Future Skills Needs Group which will feed into it is an example of what needs to be done.

4.8 National Policy Objectives and Future Policy Actions

The White Paper on Human Resource Development, published in 1997, set out a strategic direction and set of policy instruments aimed at strengthening the commitment by enterprise, and particularly small/micro enterprise, to the on-going upgrading of their human capital. This agenda continues to be pursued

Policy action within the education system aimed at promoting lifelong learning will focus on enabling the system to respond more flexibly to emerging needs through

- the development of a flexible and affordable mix of full-time and part-time options
- funding adult education on a more systematic basis
- the development of a variety of progression pathways to higher education and training
- systematic expansion of second chance education.

As previously indicated, the Government will shortly publish a Green Paper on Adult Education which will make recommendations on future developments in the context of expanding access to lifelong learning;

At the level of the individual, and recognising that cost can be a barrier to on-going training, the Government will be introducing a tax-break in respect of fees of up to £1000 paid for certified training undertaken in the domains of work relevant languages and information technology.

Easing the Transition from School to Work

Under the guideline Member States will:

- *improve the quality of their school systems in order to reduce substantially the number of young people who drop out of the school system early.*
- *make sure they equip young people with greater adaptability to adapt to technological and economic changes and with skills relevant to the labour market, where appropriate by implementing or developing apprenticeship training.*

4.9 Context

Enhancing the Education System

A good education system is fundamental to the content, quality and relevance of human resources development. Ireland has invested heavily in the provision of education over the past thirty years. Since the early 1960s, the share of publicly-funded education in Gross National Product has more than doubled, rising from 2.8% in 1961 to 6.1% in 1997. Over the same period the volume of Irish GNP itself has tripled. The increase in educational expenditure is associated with higher numbers in education as well as with qualitative improvements. Key elements of current policy include enhancement of the quality of the education system through curricular reform and development so as to offer an attractive range of choice such as will motivate young people to stay in school, investment in infrastructure, staff development, science, technology, research and enterprise development and the establishment of a national certification system.

Early School Leavers

A succession of reports and analyses over the past two years have signalled the importance of addressing Early School Leavers. Effective early action which will enhance and secure their prospects in the labour market will more than repay itself over their lifetime both in term of direct savings on on-going income support and indeed in the social costs which attach to a lifetime of social and labour market exclusion. The reports and analyses referred to have identified a range of quantitative and qualitative system developments which are required to enhance the effectiveness of the current response to the needs of early school leavers. Key criticism in the evaluations have been:

- an acute shortage of places
- inadequate progression rates to further education/training
- lack of support services, particularly guidance, counselling and psychological services
- a need to significantly improve linkages with mainstream education and training.

Redressing these deficiencies was a major area of focus in the context of the CSF Mid-Term Review and a suite of measures as outlined below has been agreed.

Apprenticeship Training

In recent year major changes have taken place in Apprenticeship Training with a switch from the traditional time-served approach to the new standards based system. The current

focus of policy is on consolidating and refining this new system and in ensuring that it is responsive to evolving work place demands. Apprenticeship in Ireland is demand-led and numbers of participants have increased substantially in recent years reflecting the buoyancy of the economy. In addition to responding to this demand, an important area of policy focus is on increasing female participation in apprenticeship trades which traditionally been seen as “male oriented”. Employers have a key role to play in that regard. A package of incentivising instruments has been developed to promote such participation.

4.10 National Policy Objectives and Future Policy Actions

(a) General School Leavers

A fundamental objective is to increase retention rates in education to completion of senior cycle to 90% by the end of the decade. Progress in the achievement of this target is being made, and rates of retention have increased from 70% in 1986 to 81% in 1994/95.

A range of measures are provided to achieve this aim including:

- Early intervention measures to provide additional supports for young people at risk aimed at optimising their participation in and benefit from the education system. These include initiatives such as pre-schooling, remedial and home/school/community liaison services, Breaking the Cycle, co-ordination with other agencies, guidance, and psychological services, and ancillary services and resources for schools in disadvantaged areas; prioritisation of resource allocation to early education will also be critical;
- Curricular reforms to allow students to make choices relevant to their abilities and aptitudes, and to strengthen the applied, technical, entrepreneurial and language dimensions of programmes
- Implementation of a £IR50m “School IT 2000” initiative over five years through which schools will be supported in acquiring information and communications technologies, training and curricular materials and Internet connection
- Make an investment of £IR250m over the next three years, in the framework of the Education Technology Investment Fund, to promote technology in education and responses to emerging skill needs, in partnership with industry.
- Implementation of measures to improve the participation in and outcomes from the mainstream education system for people with a disability and Travellers
- Improved quality of education through investment in in-career development of staff, including school management, and strategies to cope with learning difficulties and disadvantage, counselling skills etc.
- Implementation of a major new scheme of means-tested maintenance grants from September 1998 to promote access to Post Leaving Certificate courses in the Further Education Sector

- Provision of national certification for vocational training qualifications through the development of a national qualifications framework for vocational qualifications delivered in both the education and training sectors.

Draft legislation is planned for publication this year to extend the school-leaving age from 15 years at present to 16 years or completion of the Junior Certificate, whichever is the later. A key objective of this legislation will be to put appropriate mechanisms in place to ensure that children's attendance is properly monitored and that corrective action can be taken at an early stage.

(b) Early School Leavers

An €126M. suite of measures is proposed over 1998/1999 as follows:

- a capacity expansion of at least 1,000 extra places (bringing the total to a minimum of 4,900 places) in Youthreach and Traveller Training Centres;
- a ring-fencing and substantial increase of progression places in FÁS, to a total of 2,200;
- an investment in preventative, counselling, guidance and psychological services for the young people in question.

(c) Apprentices

Current objectives focus on the need

- to respond to the increasing demand for apprenticeship places (the intake of first year apprentices rose from a low of 3,000 in 1994 to 4,200 in 1996 and to almost 5,000 in 1997);
- to promote increasing female participation;
- to ensure that the curricula responds to the increasing demands, higher standards and new skill needs for a competitive work place.

<i>Indicators</i> <i>Easing the Transition from School to Work</i>
<ul style="list-style-type: none">• Trend in retention rates to senior cycle education• Trend in early school leaver numbers• Capacity expansion in provision for early school leavers programmes• Trend in apprenticeship recruitment

Pillar 2

Developing Entrepreneurship

Making it Easier to Start Up and Run Businesses

Under the guideline Member States will:

- *give particular attention to reducing significantly the overhead costs and administrative burdens for businesses, especially small and medium sized enterprises, in particular when hiring additional workers;*
- *encourage the development of self employment by examining, with the aim of reducing, any obstacles which may exist, especially those within tax and social security regimes, to self employment and the setting up of small businesses.*

4.11 Context

A Task Force on Small Business, comprised mainly of small business entrepreneurs, was established in 1994 and examined all aspects of Government policy towards small business, and reported on needs in this area. Various recommendations to improve the operating environment for small business were made by the Task Force based on 5 policy pillars;

- Raising finance
- Rewarding risk
- Reducing burdens
- Providing help
- A new deal for small business

To date almost half the recommendations have been implemented and many others partially implemented. The outstanding recommendations are regarded as a priority, in recognition of the significant potential that small businesses have for contributing to employment creation and economic growth.

The Small Business and Services Forum was set up to advise on issues of central importance to the operating environment of small business and to develop ongoing policies in this area. It is comprised of representatives of small business and of the social partners.

Arising from the Local Enterprise sub-programme in the Operational Programme for Local Urban and Rural Development, 35 County Enterprise Boards were set up throughout the country to stimulate small business creation and growth on a localised basis. These Boards provide valuable local assistance through guidance, finance, networking and management development. Their mandate includes specifically a focusing of support for the creation of micro-enterprises among women and this will be continued. A target under the sub-programme is 8,000 new jobs to end 1999.

Under Sub-Programme 2 of the Local Development Programme (see 3.1 (ii)), a target for the establishment of 4,600 enterprises (3640 of them new start-ups) was provided for in the period 1994-1999, with approximately 1.5 jobs per enterprise. By end 1997, about 7,000 people had set up their own businesses with Partnership help - 80% of these had previously been long-term unemployed. Based on experience to date - and following the Mid-Term Review - the targets and indicators for the entire programme are being reviewed and those in respect of services and initiatives aimed at the long term unemployed will be raised significantly.

The role and objectives for small business were reaffirmed and underpinned by Chapter 7 of Partnership 2000, details of which are given at paragraph 4.14.

4.12 National Policy Objectives and Future Policy Actions

The national policy objective is to continually develop and implement policies to improve the operating environment for small businesses, in conjunction with the Small Business and Services Forum while being informed by the recommendations of the Task Force on Small Business. In addition, corporate taxation policy will be assessed and improved in order to encourage entrepreneurship. Access to State financing will also be assessed with a view to implementing improvements where necessary. The standard corporation tax rate will be gradually reduced to 12½% for trading profits and 25% for non-trading profits (e.g. investment or other forms of passive income). Finance schemes such as the Seed Capital Scheme and the Business Expansion Scheme are reviewed on an ongoing basis.

A range of measures to improve the operating environment for small business is set out in Chapter 7 of Partnership 2000 which include the following:

- *Access to Finance* A range of initiatives, both public and private, currently exist which are specifically targeted on making finance available for small business. These include the two subsidised loan schemes (Small Business Expansion Loan Scheme and Access to Finance Scheme) which have made £100 million and £208 million respectively available at subsidised rates of interest to the small business sector. The Business Expansion Scheme was amended in the 1998 budget to target it specifically on smaller enterprises. Research into the current nature and extent of the financing problems of small enterprises will be undertaken in 1998 and the scope identified for introducing new finance and support schemes for small business.
- *Administrative Simplification.* A national strategy will be implemented to ease the administrative burden on small business, taking into account recommendations made by a high level regulatory reform working group which reported in late 1996.

- *Access to Public and other markets* A range of initiatives will be implemented to assist small business to identify new supply and service opportunities and to assist in improving the professionalism and expertise of public purchasers. These will include;
 - ◇ the production of a directory of public sector buyers on an annual basis, the appointment of six public procurement specialists to act as a link between public sector buyers and small enterprises
 - ◇ assistance to suppliers and workshops/seminars for buyers and suppliers.
- *Training for small enterprises.* There will be greater support by the County Enterprise Boards and greater targeting by the FÁS training support scheme on the needs of smaller companies and micro enterprises, while Area Partnerships will strengthen their particular supports for long term unemployed people setting up their own business.
- *Networking.* An action programme based on the NESC Report, Networking for Competitive Advantage, will be developed by Government to promote the benefits from inter-firm co-operation.
- *Prompt Payments.* The Prompt Payments of Accounts Act 1997 came into effect in 1998 and obliges State services to pay its debts to businesses within a specified period, thus removing potential delays in payments for services rendered. Consideration to extend this legislation to private sector purchasers is to be considered within two years.
- *Services Sector* The growth potential of the services sector, which is mainly comprised of small businesses, will be more fully exploited and its employment capacity maximised by building on the areas identified in the Government Strategy for Services published in March, 1997.
- Implementation of the Small Business Operational Programme under the EU SME Initiative involving an expenditure commitment of some £IR36m over 1998/1999

Measures to promote self-employment will include

- a strengthening of supports available to individual unemployed persons taking up self-employment under the Back to Work Allowance Scheme and Area Enterprise Allowance (currently 58%, or 16,000 unemployed persons, who take up these schemes, go into self-employment) and exploring mechanisms to assist former long term unemployed people with large families to maintain adequate income from self-employment;
- encouraging unemployed people, wishing to enter self-employment, to first undertake relevant training such as that provided by the FÁS Enterprise training programme or through Area Partnerships.

Indicators

Making it easier to start up and run businesses

- Measures developed/implemented under administrative simplification strategy
- Growth in net new jobs in services sector
- Growth in jobs under Local Enterprise initiative
- Rate of growth in self-employment compared to the rate of growth in total employment.

Exploiting the Opportunities for Job Creation

Under the guideline Member States will:

- *investigate measures to exploit fully the possibilities offered by job creation at local level in the social economy and in new activities linked to needs not yet satisfied by the market, and examine, with the aim of reducing, any obstacles in the way of such measures.*

4.13 Context, National Policy Objectives and Future Policy

A Working Group, comprising representatives of the State and Social Partners, was established under Partnership 2000 to explore the potential of the social economy for sustainable job creation. The Group has already recognised that many labour market instruments, while having as their primary objective a reintegration focus, have as a secondary outcome the effect of stimulating a wide range of social economy activity. It has also identified the fact that the State is already committing some £140m per annum, involving some 20,000 persons, to such activity, notwithstanding the absence of dedicated institutional arrangements or specific financial instruments created to promote social economy activity. The major component of this activity is through Community Employment.

A principal objective of Sub-Programme 2 (Integrated Development of Designated Disadvantaged and other areas) of the Operational Programme for Local Urban and Rural Development is to support the local development plans drawn up by the communities with the greatest needs - with a special focus on the re-integration of the long-term unemployed and other marginalised groups. These community development initiatives are designed to enhance the capacity of local communities to work together to tackle poverty and social exclusion and to act as a resource for community development. In this context, some projects supported under the programme can be classified as belonging to the social economy. Area Partnerships play a major role in this domain. The Local Urban and Rural Development Operational Programme is co-financed by ERDF, ESF and EAGGF funds, and the total funding available under the programme (1994 to 1999) is currently approximately £1R330M.

Future policy development will be guided by the findings of the Working Group referred to above.

Making the Tax System more Employment-Friendly

Under the guideline Member States will:

- *set a target, if necessary and taking account of its present level, for gradually reducing the overall tax burden and, where appropriate, a target for gradually reducing the fiscal pressure on labour and non wage labour costs, in particular on relatively unskilled and low paid labour, without jeopardising the recovery of public finances or the financial equilibrium of social security schemes. It will examine, if appropriate, the desirability of introducing a tax on energy or on pollutant emissions or any other tax measure.*
- *examine, without obligation, the advisability of reducing the rate of VAT on labour intensive services not exposed to cross border competition.*

4.14 Context

Successive Governments have been undertaking a programme of tax reform with a view to increasing competitiveness and growth, and thereby contributing to the maintenance and creation of sustainable employment. The primary focus has been on reducing the burden of personal taxation while implementing base-broadening measures across the various tax heads. This strategy has also been guided by the desirability of achieving moderate wage developments through a consensus approach with the social partners.

Significant progress has been made in improving the income tax system. Over the past ten years the standard income tax rate has been cut by 10% and the top rate by 12%. The number of tax rates has been reduced from three to two and personal allowances and the standard rate bands have been increased.

Employee social security contributions (Pay Related Social Insurance or PRSI) have been reduced through a reduction in the contribution rate and the introduction of a PRSI-free threshold which itself has increased in recent budgets. Furthermore, a low income threshold for the Health Contribution and Employment and Training Levy (2.25%) has also been introduced.

A low rate of Employers' (PRSI) has been introduced in respect of workers on low incomes. This low rate now stands at 8.5% compared to the standard rate of 12%. The *Employer's PRSI Exemption Scheme* means that an employer who employs someone to fill an additional job does not have to pay the employer's PRSI contribution in respect of that new employee for a period of two years (once the new employee was unemployed for three months, or under 23 and taking up his/her first full-time job or in receipt of the One-Parent Family payment).

In recent years, the Employer's PRSI contribution rates have been reduced in order to reduce the cost of labour. While increased employment is ensuring that PRSI revenue is currently buoyant, sight must not be lost of the fact that longer-term commitments must be provided for. The recently published Actuarial Review of Social Welfare Pensions, for example, highlights the need to take account of future demographic changes - notably, a projected substantial increase in the number of older persons - and to ensure that adequate provision is made over time to cater for that situation.

4.15 National Policy Objectives and Future Policy Actions

Reducing the tax burden on employment has been, and will continue to be, a core issue for the Government.

On the employee side there will be a strong emphasis on

- combining reductions in income tax rates with improvements in allowances and bands, with a particular emphasis on reducing the standard rate of income tax to 20% and the higher rate to 42%.
- statutory charges will continue to be reduced with a view to increasing take-home pay, particularly for lower skilled workers on below average earnings.

On the employer side continued progress will be made towards reducing the non-payroll cost of hiring workers and further reductions in corporation tax will allow for greater re-investment of profits and thereby increase the potential for enhanced employment growth

Ireland applies the reduced rate of VAT of 12.5% to a wide range of labour-intensive services, including repair and maintenance generally, hotel and holiday accommodation, restaurant services, care of the human body, and building and construction. Furthermore, the Government is committed in Partnership 2000 to maintaining this position for labour-intensive services in the medium term subject to the constraints of EU VAT law and overall budgetary requirements and to seek to have the option of reduced rating for such items included in the definitive (common) VAT system.

<i>Indicators</i> <i>Making the Tax System more Employment-Friendly</i>
<ul style="list-style-type: none">• Indirect costs as a percentage of labour costs• Percentage of taxes levied on employment

Pillar 3

Encouraging Adaptability in Businesses and their Employees

Modernising Work Organisation

Under the guidelines Member States will ensure that;

- *the social partners are invited to negotiate, at the appropriate levels, in particular at sectoral and enterprise levels, agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive and competitive and achieving the required balance between flexibility and security. Such agreements may, for example, cover the expression of working time as an annual figure, the reduction of working hours, the reduction of overtime, the development of part-time working, lifelong training and career breaks;*
- *for its part, the Member State will examine the possibility of incorporating in its law more adaptable types of contract, taking into account the fact that forms of employment are increasingly diverse. Those working under contracts of this kind should at the same time enjoy adequate security and higher occupational status, compatible with the needs of business.*

Partnership at Enterprise Level

The social partnership approach which has played such a decisive role in our economic performance over the past decade has facilitated the development of a shared understanding of the inter-dependence between different groups and sectors of the economy in achieving economic success. The stability it provides has been a significant productive factor in the dynamism of the Irish economy. The challenge we are now faced with is to build on what we have achieved over the past decade. Partnership 2000 remains vital to Ireland's competitive performance.

The competitive challenge of EMU requires intensification of the flexibility and problem solving approach displayed by the Government and social partners over the recent decade. The Government, employers and unions have agreed to meet under *Partnership 2000* to accelerate the preparation for the competitive impact of EMU. IBEC and ICTU are embarking on a joint national partnership project with a significant training and development content involving managers, employer representatives, IBEC executives and trade union officials working in teams.

A strengthening of partnership at the level of enterprise is recognised as a key component in contributing to the on-going development and adoption of new forms of work and work organisation. In order to promote modern work-methods in enterprises as well as a partnership approach between employees, their representatives and management at the

level of the enterprise, the Irish Government has established the National Centre for Partnership.

Labour Law and the Labour Regulatory Environment

Labour law focuses on promoting labour market stability, balanced by a framework which facilitates an efficient and competitive business environment. The emphasis is on a voluntarist approach in which contractual employment matters are primarily a matter for the parties directly concerned, with the State only intervening to ensure that minimum standards are met and abuses are protected against.

Under Irish law, it is for the parties to an employment contract themselves to decide the form and content of that contract, subject to certain terms being implied in all contracts (e.g. an entitlement to equal pay) and specific statutory prohibitions on contracting out of certain minimum standards (e.g. in relation to minimum notice periods). This allows the parties considerable flexibility to contract for atypical working patterns, such as part-time work, temporary work or annualised hours arrangements.

4.17 National Policy Objectives and Future Policy Actions

Partnership at the Level of the Firm

The major goal of the National Centre for Partnership is to achieve the optimum participation in partnership at the level of the enterprise in both the public and private sectors. In 1998, the National Centre for Partnership, in its first full year of operation, will:

- identify organisations where successful partnership operates;
- monitor, nationally and internationally and put in place a national benchmarking survey which will measure progress;
- facilitate training and development, for adaptation to change and using a partnership approach between employees and management in enterprises.

Joint training of management, unions and staff will be conducted in conjunction with the social partners, at national level.

To encourage partnership and to secure a commitment to competitiveness at the level of the enterprise, favourable tax treatment of employee share schemes and profit sharing schemes have been developed. The schemes take two forms: Approved Profit Sharing Schemes and Employee Share Ownership Trusts. Both schemes allow employers to appropriate shares to employees from profits without liability to income tax provided the shares are held for a fixed period.

Tax relief in respect of lump sum payments from firms to employees, to compensate for reductions in pay deemed necessary to secure the survival of the firm due to an adverse change in its competitive environment, was introduced in 1997.

A direct result of the Government's commitment in Partnership 2000 to an effective and independent competitiveness review mechanism has been the initiative to establish, in

May 1997, a National Competitiveness Council (NCC) with representatives of the social partners. The Council has made recommendations on a range of key competitiveness areas (including, for example, Human Resources, Costs, Infrastructure, The Information Society, Science, Technology and Innovation). In examining these areas, the Council takes full account of the work of a range of bodies in Ireland, including, Government Departments, State Agencies and research bodies. The Council establishes Ireland's relative competitive position in a number of key areas and the actions that should be taken at policy level to improve competitiveness. The Council provides a yardstick of national economic progress in maintaining and fostering competitiveness.

Labour Law and the Labour Regulatory Environment

It is recognised that the interaction of the taxation and social welfare system with new working patterns, such as part-time and temporary work, is an area which will require attention in the years ahead. Atypical forms of work are becoming increasingly prevalent. The Social Welfare system has been adapted to cater for many of these changes, for example, by including part-time workers and self-employed in the Social Insurance system. Needs in this area will be kept under review. The Government is committed under Partnership 2000 to review such matters.

Support Adaptability in Enterprises

Under the guideline Member States will:

- *re-examine the obstacles, in particular tax obstacles, to investment in human resources and possibly provide for tax or other incentives for the development of in-house training; they will also examine any new regulations to make sure they will contribute to reducing barriers to employment and helping the labour market adapt to structural change in the economy.*

4.18 Context

The educational and skills levels of the Irish workforce probably represents the single, most important factor in the development of the enterprise sector as well as in achieving our national objectives to increase employment and living standards and to reduce unemployment. The Government, in its Action Programme for the new Millennium, is committed to supporting industry in order to create more jobs and to protect existing jobs through training and improved company competitiveness.

Human Resource Investment at the Level of the Firm

This matter was the subject of detailed analysis and prescription in the White Paper on Human Resource Development (1997). The White Paper identified human resource investment as a key factor in ensuring national competitiveness and international comparative advantage; weaknesses and difficulties in this domain, particularly at the level of small business; and set out a series of policy measures that needed to be implemented to redress the situation.

ESF aid has been an important component in supporting efforts to increase human resource investment at the level of the firm. It is important that any revision of EU Regional Aid Guidelines should take account of the need to continue efforts at this level.

In-house training costs may be offset against profits in calculating taxable profit for the organisation or trader in question. In recognition of the importance of encouraging lifetime education a number of tax relief's have been introduced to encourage lifetime learning. Tax relief is available to part-time undergraduate students who pay tuition fees in third level colleges for a course of at least two years duration. Provision has also been made for a tax relief for tuition fees paid by individuals for training courses, of not more than two years duration, in the areas of information technology and foreign languages.

4.19 National Policy Objectives and Future Policy Actions

The White Paper on Human Resource Development (May 1997) identified a range of qualitative skills deficiencies in the labour supply relative to our competitor countries. These deficiencies fell into three main categories:

- Management skills
- Job specific skills
- Flexibility and communication skills which are the requirements of new work organisation and practice

These skills gaps tended to be greatest at the level of small firms. The percentage of payroll spent on training by indigenous Irish companies lags significantly behind their European counterparts. The target is to increase payroll spending on training to 5% by the turn of the century.

The Exchequer Budget Allocation made available to FÁS for training for the employed has increased, from £IR8.2 million in 1997 to £IR15.987 million in 1998.

Institutional Change

Proposals have recently been approved by the Government for the establishment of a new Company Development Agency to incorporate appropriate elements of Forbairt (the National Development Agency for indigenous industry, ABT (the Trade Board) and FÁS. The intention is to centralise the support and services for indigenous Irish industry into one Government Agency and to provide for a more efficient structure within which companies can be developed and assisted in a holistic manner.

Training Support Scheme

An additional £2 million has been allocated to this scheme for each of the next three years. At least 75% of the funding for the scheme will be directed at small and medium sized industries. The scheme is designed to increase and improve training within Irish business in order to improve competitiveness, quality and productivity. It aims to improve skills of existing employees at all levels from operative to manager. In 1996, grant aid was given to 2,800 mainly small companies to train approximately 26,000 employees in key business/skill areas. Gross expenditure on this programme will increase by 75% to £IR8.625 in 1998.

Training Networks Programme

An employer led body, with State participation, is being established to manage a pilot programme to encourage Irish companies to develop their human resources potential to adopt best practice standards. State and Structural Fund support, amounting to £IR3.75 million in 1998, will be available to groups of firms who organise on a sectoral or a regional basis with a view to establishing their own best practice networks.

Awareness Programme

A major Awareness Programme on the skills and training needs of Irish business is being developed by the social partners under the EU Adapt Initiative to run initially for a two year period beginning in 1998. The programme will have a strong practical orientation aimed at promoting actions, including identification of best practice and how to develop them in order to accelerate human resource development.

<i>Indicators</i> <i>Support Adaptability in Enterprises</i>
<ul style="list-style-type: none">• Percentage of payroll spent on training

Pillar 4

Strengthening the Policies for Equal Opportunities

Tackling Gender Gaps

Under the guideline Member States will:

- *attempt to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women and will act to reverse the under-representation of women in certain economic sectors and occupations and their overall representation in others.*

4.20 Context

The female participation rate¹⁷ has grown significantly over the recent decade. At 42%, it had moved close to the EU average (1996) of in excess of 45%. Participation by women aged 25-44 has risen particularly sharply, to reach 64% in 1997. There has also been significant growth in female employment. Between 1991 and 1997, the number of females in employment, using the ILO classification, increased by 148,000 (38%). There were 92,000 more women in full-time employment and 56,000 more in part-time employment. While overall unemployment rates for males and females are broadly similar, the rate of *long-term* unemployment is appreciably lower for women (4.6%) than for men (6.3%).

Women remain under-represented in some types of job and over-represented in others. It is estimated, however, that 50% of the growth in managerial employment between 1991 and 2003 will be accounted for by increased employment of women¹⁸.

Unemployed women have access to all labour market programmes on the same basis as unemployed men. In some cases positive steps have been taken to encourage increased female participation. For example, FÁS' Positive Action Programme for Women has positively contributed to improving access by women to labour market reintegration programmes. Some 49% of participants on FÁS training and employment programmes are female. Female participation rates in CSF-supported education and training measures are specifically monitored and active efforts made to increase these.

Nevertheless, despite legislative changes and greatly increased female participation in the labour market, there remains an unbalanced structure in the workplace with some of the following characteristics - segregation of women to a disproportionate extent in relatively low-paid occupations, low level of female participation rates in both training and employment in traditionally male-orientated trades and activities, segregation of women in lower-paid jobs in virtually all sectors, and the absence of male participation in traditionally female areas of work.

¹⁷ The number of females in the labour force in proportion to the number of working age females (15-64 yrs).

¹⁸ FÁS/ESRI Occupational Employment Forecasts 2003, November 1997.

In targeting resources, the live register has been widely used as a means of identifying those perceived to be in greatest need, but it has drawbacks from a gender perspective as a gateway for labour market integration measures. Further examination of the issue of access to programmes is currently underway by a Working Group established under Partnership 2000.

In the context of continued rapid employment growth and the possible emergence of labour shortages, efforts to facilitate further rises in female participation will assume increasing importance. The need to ensure availability of childcare provision for employees, particularly in the context of women returning to the workforce will be crucial. Partnership 2000 recognised this important labour market area and sought direct action, via the Department of Justice, Equality and Law Reform, on the issue. Several modest pilot initiatives in this field are being initiated arising from the CSF Mid Term Review. A key player in the provision of childcare will be employers themselves. A recent pilot initiative from the Department of Justice, Equality and Law Reform has been launched in conjunction with industry. The State for its part, has a role to play particularly with respect to individuals and areas which are disadvantaged.

4.21 Policy Objectives and Future Policy Actions

The key policy objective is to outlaw discrimination in employment and to promote equal treatment and equal opportunities for women, and other cohorts who may suffer social exclusion or employment disadvantage.

There is a clear need to address these issues by legislative and non-legislative means. Measures are needed, such as the active encouragement of positive action programmes within enterprises with the aim of informing and educating employees and human resource managers as to the most effective use of the available talent pool; the provision of special training and development programmes for female staff at junior levels within enterprises and the development of employment practices which would allow for greater flexibility in working arrangements thereby facilitating the reconciliation of work and family life.

Future policy actions will include:

- Development of anti-discrimination legislation (Employment Equality (1998) and Equal Status legislation (1999)) which will include provisions to deal with gender discrimination. Implementation of the Directive on Parental Leave will also be relevant to the better reconciliation of work and family life;
- Establishment of an equality infrastructure through the appointment of an Equality Authority and a Director of Equality of Investigations (1998-1999) on the enactment of the Employment Equality Bill.
- Development of an Equal Opportunity Initiative geared towards the elimination of vertical and horizontal segregation in the labour market through participation in key groups at national level and EU, Council of Europe and UN level. Targeted initiatives to deal with segregation will be put in place in consultation with ICTU, IBEC, NWC and the new Equality Authority. The methods to be used to achieve the targets would include Equality Audits, Equality Reviews and Actions Plans - all included in the Employment Equality Bill. Social Fund support would be sought to support these initiatives.

- Monitoring progress in relation to the inclusion of women on State Boards which will serve as a mechanism for a measurement of the advancement of women and the opportunities afforded to them towards integration.
- The report of the Working Group examining issues of access to training and employment for women. will provide guidance in the further development of policy in this area.
- Establishment of a Monitoring Committee to monitor progress in relation to the recommendations of the Report of the Task Force on the Travelling Community which will serve as a mechanism for the measurement of progress in relation to the gender issues identified in the report which relate to access by Traveller women to training and employment opportunities.
- Complete, by year 2000, a follow-up study to earlier ESRI research on the reasons for male/female wage differentials

<i>Indicators</i> <i>Tackling Gender Gaps</i>
<ul style="list-style-type: none">• Female labour market participation• Representation of women in key employment sectors

Reconciling Work and Family Life

Under the guideline Member States will:

- *strive to raise levels of access to care services where some needs are not met.*

4.22 Context

The Department of Justice, Equality and Law Reform is charged with the responsibility of developing a national framework for further development of childcare in Ireland. The Department, under the terms of the Partnership 2000 agreement, is chairing an expert working group on childcare with the goal of the co-ordination, development and delivery of childcare policy and early education services.

In February 1998, the pilot Childcare Initiative was converted into an Equal Opportunities Childcare Programme with four distinct elements and targets as per 4.23 below. The Department is working closely with employer organisations, local area based companies and enterprise boards to deliver on the new Programme which will see greater employer involvement in the role of childcare provision and the provision of a more capable childcare infrastructure.

4.23 National Policy Objective and Future Policy Actions

With the conversion of the pilot Childcare Initiative into an Equal Opportunity Childcare Programme, the overall objective in this area is to improve the quantity and quality of childcare provision in Ireland from an equal opportunities perspective under four interdependent elements.

- *Capital Infrastructure: £IR0.8M.* This funding will support the capital development of community childcare projects.
- *Core Funding: £IR1M.* This financial support will target up to 25 community childcare projects under the Childcare Initiative and support them for up to 2 years.
- *Employer Demonstration Childcare Initiative: £IR0.56M.* The objective of this element is to forge employer links / interest in childcare provision for employees.
- *National Framework/Partnership 2000: £IR0.2M.* The expert working group established under P2000 will research various issues in the area of childcare provision and make recommendations on same.

The above elements are supported in part by EU funding for 1998 and 1999. In addition there will be enhanced co-operation and co-ordination between the Department of Justice Equality and Law Reform, Department of Education and Science and FAS in matters relating to the delivery of childcare measures

Indicators

Reconciling Work and Family Life

- Implementation of Equal Opportunities Childcare Programme

Facilitating the Return to Work

Under the guideline Member States will:

- *give specific attention to women, and men, considering a return to the paid workforce after an absence and, to that end, they will examine the means of gradually eliminating the obstacles in the way of such return.*

4.24 Context, National Policy Objective and Future Policy Actions

There are various schemes open to persons returning to the workforce which allow them to gradually reintegrate fully (e.g. Workplace Programme, Back to Work Allowance Scheme, Back to Education Allowance and other local initiatives). The Government, as stated above, is striving to remove any potential barriers in the area of childcare and inequities in the eligibility criteria for participation in retraining and other Government programmes. For example it allows persons who have been unemployed for at least one year to retain their medical card, regardless of income level, for three years after entering paid insurable employment or while on approved training schemes aimed at the long term unemployed. The social welfare system also protects the social security rights of insured workers who are engaged in home duties. The FÁS Positive Action for Women programme which facilitates female participation on training and reintegration programmes, will be continued.

Indicators

Facilitating the Return to Work

- Percentage of women on FÁS programmes
- increased provision of childcare for scheme/programme participants

Promoting Integration of People with Disabilities into Working Life

Under the guideline Member States will;

- *give special attention to the problems people with disabilities may encounter in participating in working life.*

4.25 Context

Social policy aims to recognise the needs of people with disabilities and the contribution that they can make to the labour market. They may be people who traditionally relied heavily on the social welfare system for their income, and significant disincentives and barriers need to be lifted to provide them with the right to work where they can and wish to do so.

4.26 National Policy Objectives and Future Policy Actions

To provide a sound infrastructure to work towards the elimination of discrimination, to promote equal opportunities and to promote the integration of people with disabilities in relation to employment. Future policy actions will include the:

- Development of the Employment Equality and Equal Status legislation.
- Establishment of an National Disability Authority on a statutory basis to replace the National Rehabilitation Board. This will have the effect of mainstreaming the training and employment services provided by the NRB for people with disabilities into the Department of Enterprise, Trade and Employment and FÁS.
- Establishment of a Disability Support Service in order to enhance access by people with disabilities to information, advice and services.
- Development of a National Action Plan in relation to the recommendations of the Report of Commission on the Status of People with Disabilities.
- The adoption and development of best practice and suitable expansion of the range of employment subsidies and supports, made available for people with a disability, under such programmes as the Employment Support Scheme, the Pilot Employment Programme and the Work Equipment Adaptation Grant Scheme.
- Development of Pilot Disability Projects with Area Partnership Boards to ensure access to information in effective formats by people with disabilities at community level and to develop and co-ordinate strategies for promoting the inclusion of people with disabilities in integrated local development.
- A Committee to monitor progress in relation to the recommendations of the Report of the Task Force on the Travelling Community is being established under the aegis of the Department of Justice, Equality and Law Reform. Its brief will include monitoring of the recommendations relating to Travellers with a disability.

- Monitoring of the achievement of Government targets for the employment of people with disabilities in the public service.

Indicators

Promoting Integration of People with Disabilities into Working Life

- Developments in legal, institutional, labour market and information systems which facilitate access by people with disabilities
- placement of people with a disability in supported employment