

Submission from Border, Midland and Western Regional Assembly to the National Employment Action Plan

18 July 2003

Introduction

The BMW Regional Assembly is in agreement with the priorities listed in the European Employment Guidelines and believes that the three overarching objectives are fundamental to the National Employment Action Plan. This submission outlines the remit of the BMW Regional Assembly in terms of employment under its Regional Operational Programme and then makes a number of recommendations for inclusion in the Action Plan, particularly in relation to the reduction of regional disparities.

Contribution of the BMW Regional OP to Employment

The BMW OP covers four priorities, namely local infrastructure, local enterprise, agriculture and rural development and social inclusion and childcare. All four priorities impact at least indirectly on employment in the Region and a number of measures have a direct effect on employment creation and supports. The main measures, which impact directly on employment, are summarised in the table below:

Priority	Measure	Amount Allocated (00-06) €m	ERDF Contribution (00-06) €m	% of forecast spent (00-02)	Impacts on Employment (Potential)
Local Enterprise	Tourism	155.13	27.10	2.3%	New jobs in visitor attractions
	Micro-enterprise	122.62	19.43	77.3%	Direct jobs in supported enterprises and supports training & mentoring
	Regional Innovation Strategies	18.28	8.80	0.00%	New jobs in incubation units. Spin-offs from enhancement of innovation
	Aqua-culture	46.28	16.07	51.8%	Indirect job creation in aquaculture & fishing sectors
Agriculture & Rural Development	Alternative Enterprises	23.38	0.00	21.2%	Jobs in new farming sectors e.g. horticulture, organics etc.
	General Rural Development	74.281	19.046	15.8%	New jobs & enterprise support through LEADER and Western Investment Fund
Social Inclusion & Childcare	Childcare (capital & staffing)	119.20	16.70 (33.06% ESF)	41.96%	New jobs and supports to allow parents return to work
	Equality	8.47	0.00	60.83%	Promotion of equality in the labour force
	Local Development	125.06	0.00	82.55%	Various social inclusion measures

As can be seen from the above, the actual level of expenditure to date has been very low across these measures (with the exception of local development and micro-enterprise). This could therefore have a corresponding impact on employment within the Region. The draft Mid-Term Evaluation report of the BMW OP however has highlighted that ca. 3,600 jobs have been created under the Micro-enterprise measure and a further 5,000 jobs under the Social Inclusion Priority (primarily through the and Local Development Programme and Childcare Staffing measure) from 2000-2002.

If the OP is to make a significant contribution to employment, it is important that spending under the programme is dramatically increased for the remaining period and that much more emphasis is placed on the employment impacts of the various measures. It is worth noting that the OP also contributes to the other three pillars of the European Employment Strategy, namely entrepreneurship, adaptability and equality.

2. Employment Issues for the BMW Region

It is interesting to note that unemployment was higher in the S&E Region than the BMW Region during the early 1990s, but since 1996 this trend was reversed and the rate of unemployment has been consistently higher in the BMW Region, as shown in the graph below.



Whilst the rate of unemployment increased in the BMW Region in comparison with the S&E Region between 2001 and 2002 (this trend is expected to continue in 2003), the rate of employment in the BMW Region has also grown at a faster rate (2.9% in the BMW Region in 2002 as opposed to 0.4% in the S&E) (CSO QNHS 2003). Unemployment in the Border Region is highest, at 6.3% in the first quarter of 2003(CSO QNHS 2003). Overall the participation rate in employment is lower in the BMW Region (57.5% compared with 60.2% in the S&E Region).

Employment in the BMW Region is concentrated in the primary food and agricultural sectors, with a relatively low amount of people employed in high-tech industries and services. The number of people employed directly in agriculture however decreased by 27% between 1994 and 2003 and the number of people employed in production industries increased by 21% and by 142% in construction in the same period

(Fitzpatrick 2003). Many of those employed in production work in the agri-food sector, which may be adversely affected by the CAP reform proposals.¹

3. Need to Address Regional Disparities

The BMW Regional Assembly agrees with the national priorities as outlined in the guidelines and the Employment Action Plan of 2002. The Assembly would like to emphasise however, the need to address regional disparities and to develop differentiated regional employment policy. The specific regional issues, which could be addressed include the following:

- **Regional Employment Analysis**

Much of the data and policy relating to employment and related issues is at a national level and there are very few instruments for addressing regional employment concerns. During 2002, the BMW Regional Assembly initiated a project to be funded under Art.5 ESF, to enhance local and regional labour market intelligence analysis. It proposed drawing up local action plans, based on local needs-assessments and funding on a pilot basis a number of key employment-related actions set out in the County Development Boards 10-year strategies. The proposal was not supported at a national level and to date no comprehensive regional or local labour market strategy has been developed. The Assembly is concerned about the overall lack of regional differentiation and feels that it is essential that labour market strategies are developed at regional as well as national levels and that they are based on concrete regional analyses and try to address the spatial spread of employment/unemployment.

- **Female labour force participation rates**

Female participation rates in the BMW Region are lower than in the S&E Region (57.4% and 59.7%). Childcare provision is also very low in the Region and a recent CSO childcare survey showed for example that only 0.5% of couples with children of pre-school age avail of a crèche/montessori in the Midland Region as opposed to 7.9% in Dublin. There is a need for increased funding for childcare, with more work-based crèches and childcare taxation allowances should be explored. Employment strategies and plans should try to increase the level of childcare in the Region (as well as nationally) and provide more supports to female entrepreneurs.

- **Levels of innovation in the Region**

Overall the level of innovation in the BMW Region is low and the recent BMW commissioned Audit of Innovation showed how the Region is benchmarked unfavourably against other EU regions and the rest of Ireland on a number of indicators, including business start ups, business retention and expansion rates, levels of R&D etc. The BMW Regional Assembly is currently initiating a Regional Innovation Strategy for the Region, which will develop concrete actions in conjunction with local and regional agencies to increase the level of innovation in the Region. Such strategies should be supported and integrated into enterprise and labour market policy at a national level.

- **Adaptation of national programmes to suit regional needs**

¹ See e.g. FAPRI/Teagasc 2003, *An Analysis of the Effects of Decoupling* and BMW Submission to the Department of Agriculture on the Impact of CAP Reform on the BMW Region.

As referred to earlier, most labour market interventions are designed and implemented at the national level, without taking regional differentiations into account. Many of the current schemes do not reflect regional realities and are often based on the premise of there being sufficient critical mass to sustain the programme. One such example is the CE Schemes or the Social Economy Projects, which require large numbers of people unemployed for a certain time period. Such conditions have proved to be restrictive for rural areas, which do not contain the requisite critical mass and such schemes should be adapted to meet local needs.

- **Employment and Balanced Regional Development**

Balanced regional development is one of the cornerstones of the NDP and balanced growth and spread of employment forms a crucial part of this objective. Whilst the regional employment/unemployment discrepancies are not yet major², there are significant variations in the types of employment, income levels, levels of education of employees and GVA figures between the different regions. There is a growing divergence between the BMW and S&E Regions in terms of GVA and there are still marked differences in regional income levels.³ Regional employment policy should not only endeavour to achieve a balance in terms of employment participation rates, but should also try to support higher quality employment and encourage innovation and competitiveness across a wider spatial spread. Employment policies should also be linked into the National Spatial Strategy, whose aim is also to counteract regional disparities and to bring about more balanced growth. If the hubs and gateways are to develop as envisaged under the strategy, specific employment targets should be set and the relevant support infrastructure should be put in place to sustain the growth and to encourage investment and innovation.

4. Conclusion

If the Irish National Employment Action Plan is to achieve the objectives of full employment, quality and productivity at work and social cohesion and inclusion, as set out in the guidelines, it is essential that it has due regard to regional disparities and develops a comprehensive regional employment strategy to address those specific needs.

² The current job losses would indicate however, that many of the basic manufacturing jobs in large companies are under threat, many of which are based in the BMW Region.

³ See CSO, County Incomes and Regional GDP. This shows a slower increase in GVA in the BMW Region, which was at 71.9% of the national average, compared 110.1 in the S&E Region in 2000.

REFERENCES

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