



MID WEST TASK FORCE

INTERIM REPORT

JULY 2009

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EXECUTIVE SUMMARY

The Mid West Task Force was established by An Tánaiste, Mary Coughlan TD, in February 2009¹, to consider and make recommendations concerning the implications of the serious economic downturn in the Mid West on the socio-economic fabric of the region, exacerbated by the announcement by Dell of the ceasing of manufacturing in Limerick. Since then, the Task Force has met with and received presentations from 24 groups, representing the major stakeholders and interest groups responsible for economic and social development in the region. The current interim report is informed by the views presented by these groups, offers analysis of the particular challenges that lie ahead and makes recommendations that require implementation.

1. The number of people on the Live Register for the Mid West in December 2008 was 25,915. Unless action is taken, this figure is likely to peak at close to 55,000 in 2010. This would result in an unemployment rate of close to 20% which is 3 percentage points higher than the projected national average.
2. From January 2000 to September 2008, Ireland lost 32% in international price competitiveness. While this is a national issue, it has a significant impact in the Mid West Region which relies heavily on manufacturing, construction and tourism. The deterioration in competitiveness comes from the appreciation of the euro against the currencies of our major trading partners and the high costs in the Irish economy including payroll, energy, telecommunications and the provision of services.
3. In the year 2000, average labour costs in Ireland were 40% lower than those in the US and 17% lower than in the UK. By 2008, labour costs in Ireland were 11% higher than in the US and 19% higher than in the UK. During the period 2001-2008, labour costs in Ireland have increased by 50% more than the EU-15 average. Irish industrial electricity costs are the second highest in the EU-25 and are 30% higher than in the UK. Gas prices are approximately 50% higher than in the UK.
4. A national cost competitiveness strategy must be developed and implemented as a priority. Without this foundation, unemployment will continue to rise and remain at unacceptable levels for years to come. A target of 20% for cost reduction would be desirable.
5. The rapid rise in unemployment will be at a high cost to the State leading to future health, social and crime issues. The Government and relevant agencies must make every effort to avoid workers becoming unemployed. In addition to the €250m Temporary Employment Subsidy, a reduction in employers' PRSI, credit for Corporation Tax paid, as well as reduced working hours should be considered.
6. The Government needs to address the barriers to employment such as social welfare policies, minimum wage relativity to the UK and Europe, as well as weekend and shift allowances particularly in the tourism industry.
7. During this period of high unemployment, the Government and relevant organisations should encourage people to stay in education or return to education for

¹ See Appendix 1 for Mid West Task Force Terms of Reference.

re-training and up-skilling, and have schemes to enable them to do so. Additional resources should be made available to FÁS and the VECs, in particular, who have provided detailed plans as to the numbers they can accommodate in education/training.

8. Significant funds should be allocated to community enterprise schemes which can provide much needed employment and services in local communities. The Local Authorities in the Mid West Region have outlined a range of schemes which have the capacity to provide up to 800 jobs.
9. Adequate funding should be provided to:
 - The Department of Enterprise, Trade and Employment to enable FÁS to respond to the growing need for training and re-skilling programmes;
 - The Department of Arts, Sports and Tourism to drive tourism with particular emphasis on the promotion of domestic tourism;
 - The Department of Education and Science to provide the necessary additional places for a return to education.
10. To drive coherent thinking and delivery across all the relevant government departments concerned (including the Department of Social & Family Affairs), the Task Force recommends that the inter-relationship of employment, education/training and social welfare requires “whole of Government” thinking and should be addressed by the Cabinet Committee on Economic Renewal.
11. The Limerick-Shannon Gateway, with a thriving city at its core, is central to the growth and prosperity of the Mid West Region. Limerick needs immediate investment to address social and economic issues. Governance of the city must also be addressed as a priority. The Task Force recommends that:
 - (a) A commission should be established as a matter of urgency and report as quickly as possible, but no later than six months, in relation to the governance of the Greater Limerick Area.
 - (b) The severe problems in the areas of focus for the Regeneration Agencies in Limerick City are addressed immediately: therefore the implementation of the Limerick Regeneration Plan should be accelerated.
 - (c) Initial funding should be made available and work should commence on the pedestrianisation and enhancement of Limerick city centre as proposed in the application for the Gateway Innovation Fund.
12. In order to leverage the private sector investment required in the Greater Limerick Area, the Task Force recommends that the Government introduce a scheme of capital allowances/incentives targeted and ring fenced towards certain high employments projects.
13. Spending on infrastructure now will create jobs in the short term, and in the long term create an environment for investment. Immediate road requirements include the N18, N20, Adare Bypass, Foynes Port Link and the Northern Ring Road.

14. The necessary funding to provide the infrastructure to enable the establishment of the Lynx Cargo facility at Shannon Airport should be provided by Government as a matter of urgency.
15. With airlines further reducing their services, a marketing strategy for Shannon Airport supported by a dedicated fund is now a priority.
16. The Mid West is serviced by power stations at Ardnacrusha, Tarbert and Moneypoint. The region and estuary offer significant potential for the development of alternative renewable energy projects, and in its final report, the Task Force will address how this can best serve the Mid West.
17. Those in education should plan to remain there for as long as possible as there is limited opportunity to gain employment or to emigrate in the short term.

Those who have lost their jobs should be encouraged to return to education and the time should be reduced to three months to access the Back to Education Allowance third level option.

The number of places and the funds allocated in the April budget in the Back to Work Enterprise Allowance and Back to Education Allowance schemes are totally inadequate and this report shows where FÁS and the VECs in the Mid West would use virtually all the national allocation. The Mid West VECs have been allocated 245 PLC places in the April budget though they have offered to make available a total of 6,069 places across a range of programmes for the unemployed to get back to education.

18. The Mid West needs to be a priority region for delivery of foreign inward investment by IDA Ireland. Less than 1,000 new industry jobs have come to the region in the past three years and the Task Force recommends that IDA Ireland set up a Mid West response unit and report monthly to the Task Force on how it is addressing the region's unemployment.

The traditional manufacturing sector in the region is likely to continue to shrink in employment terms and will have to be replaced with more technologically advanced business models.

Indigenous industry will play a significant role in helping the region trade out of its difficulties. A venture capital fund should be established with adequate funds and professional management to provide the necessary capital to such enterprises.

A temporary derogation to permit West of Ireland and Midlands support levels for grant aid (Objective 1 Status) should be sought and restored for Raheen Business Park, the National Technology Park and Shannon Free Zone.

A review of all the enterprise development agencies (IDA Ireland, Enterprise Ireland, Shannon Development, County Enterprise Boards, Local Development companies) needs to be undertaken to ensure that all enterprises in the Mid West Region receive an effective client centred service from the State. The Task Force will carry out such a review and will advise on this in its final report.

19. The €250m Temporary Employment Subsidy scheme should be extended to include the Tourism Industry.

A reduction in the price of all tourism products is vital as value for money must be restored.

Additional funding should be allocated towards promoting the domestic market and encouraging people to holiday at home or Tourism Ireland and Fáilte Ireland should rebalance their budgets to this end.

Shannon Development has responsibility for promoting tourism in the region. It has to generate its marketing spend for tourism from its property related activities. Shannon Development should be in receipt of direct Exchequer funding for this tourism promotion activity.

Under the 2006 Tourism and Economic Development Plan, a €53 million fund was sought for the Mid West Region. Only €6 million of this has been delivered to the West of Ireland since 2008 and the remainder should now be programmed as a priority, with a renewed focus on Shannon Airport and the Mid West Region.

20. Shannon Development owns a seventy acre site within the National Technology Park, Limerick, which is presently unserviced. The Government should immediately provide the necessary funding to develop the enabling infrastructure which would attract biomedical/bio pharma industries which could become the cornerstone for the new industrialisation of the Greater Limerick Area.

Key Issues to be addressed in the Final Report

In its final report, the Task Force will focus on future development potential and recommend to Government a development plan for the Mid West Region. Some key themes have emerged during work on the Interim Report; the Task Force will now focus on the development of these themes, and related issues (such as marketing and promotion), leading to a blueprint for the development of the Mid West Region.

The final report will address the following issues:

1. Driving foreign inward investment and the development of enterprise
2. Examination of the contribution and interrelationships of the economic development agencies
3. Targeting key investments to offset job losses in low skill manufacturing and the skill sets required for same
4. A Masterplan for the Greater Limerick Area
5. The potential of the Mid West as an energy hub
6. Optimisation of the potential of the Shannon Estuary
7. Tourism: development of a ten year plan
8. The potential of a major cargo hub at Shannon Airport

Chapter 1

Economic Overview of the Mid West Region

Chapter 1: Economic Overview of the Mid West Region²

1.1 Introduction

The Mid West Region is now facing unprecedented challenges against the backdrop of a world and national recession. We have already seen the impacts in terms of a decline in economic activity and an increase in unemployment. The more recent downturn in employment is particularly marked in both the construction and manufacturing sectors and has greater implications for the Mid West region in the immediate and long term. This section presents the recent changes in relation to the key factors for competitiveness in the region as well as recent trends in the regional labour market.

The Mid West Region is endowed with considerable resources and has experienced significant development over the past fifty years. However, it also has considerable unrealised potential. In line with the rest of the world, it is now experiencing a downturn in economic activity which is exacerbated by the announcement on the 8th January 2009 that Dell is relocating the company's production from Limerick to Poland, which will result in the loss of 1,900 jobs. On the 23rd March it was announced that there is to be a further 100 job losses from the company's Limerick plant. The initial release of employees occurred in April, with the full transition expected to be completed by January 2010 if not sooner.

It is estimated that Dell's announcement could result in a reduction in direct and indirect employment of up to 4,600. This comprises a reduction in direct employment of 2,000 and a reduction of 2,600 in employment in sub-suppliers of Irish goods and services of Dell Limerick and reduced employment as a result of lower spending of wages and salaries in the economy by former employees. These figures relate only to the impact of the loss of employment in Dell, they do not reflect the impact of other job losses across the economy.

The total number on the Live Register for the Mid West region at the end of 2008 was 25,915 registrants.³ At the end of May 2009 an additional 9,607 people had signed on to the Live Register. Together with the other impacts of the global downturn it is estimated that an additional 20,000⁴ people could sign on to the Live Register in the Mid West Region over the period June 2009 to December 2010. It is also predicted that the region's unemployment rate could peak at 20 per cent in 2010⁵, which would be 3 percentage points above the estimated national average (17%) for the same period.

1.2 Demographic Analysis

The Mid West Region comprises counties Limerick, Clare and North Tipperary and has a total population of 361,000 (CSO, Census 2006) which accounts for 8.5 per cent of the total population living in Ireland⁶. Over 40 per cent (146,000) of the region's population live within a 20km radius of the largest urban centre, Limerick City. During the period 2002 and 2006 the region's population grew by 6.3 per cent. This was less (in percentage terms) than

² The Task Force would like to acknowledge the significant contribution from Forfás in preparing this overview.

³ CSO, Live Register, 2008.

⁴ It is important to note that this figure does not consist of only job losses. While the 30,000 consists of people who will become unemployed, workers who will be put on shorter working weeks due to the downturn and are receiving state benefits as a result will also account for a proportion of this. Moreover the figure is likely to include graduates who will sign on to the Live Register upon finishing college, who have not lost a full time job.

⁵ FÁS

⁶ The CSO estimates the region's population stood at 371,900 in 2008.

all other regions with the exception of Dublin. Overall growth since 2006 has been modest in comparison to the state.

Figure 1: The Mid West Region



Source: Forfás.

Net migration in the Mid West has been a strong feature of population change dynamics in the region over the period 2002-2006. Limerick City showed a relatively high level of net outward migration over the four year period. While counties Limerick, Clare and North Tipperary have all experienced net inward migration over the period, just over 30,000 non-nationals reside in the region. At nearly 7 per cent of the total population of non-nationals in the State, only the Midlands has attracted fewer non-nationals than the Mid West.

The age profile of the region closely mirrors that of the State. Dependency ratios show a marginally higher 'dependent' population. As for all regions the elderly component will increase in size over the coming years and will pose challenges for the Mid West region, particularly in its remoter rural areas.

1.3 Limerick City

The Task Force believes that in order for the Mid West Region to thrive it requires a strong city at its core. Limerick 'City' is currently Ireland's 4th largest city⁷ and the capital of the Mid West Region. The City Centre is the focus of activity in terms of commerce, employment, shopping, leisure and cultural/social activities. The quality and sustainability of its continuing development is vital to ensure that the region becomes a place of world-class excellence for working, learning, leisure and living⁸.

⁷ Limerick City is the 3rd largest urban area however, the city is the 4th largest as defined by local authority boundary.

⁸ Limerick City Council "Limerick City Centre Strategy 2008"

However, despite positive developments in the city in recent years, there are a number of issues including social exclusion, crime and disorder in disadvantaged areas of the city that need to be addressed. The 2007 Fitzgerald Report⁹, as commissioned by Government, concluded that three areas need to be addressed:

- Dealing with the issue of criminality
- Economic & infrastructural regeneration
- Developing co-ordinated responses to social and educational problems, in order to break the cycle of disadvantage

The two Regeneration Agencies recommended were subsequently established in June 2007. In 2008, the Agencies published the Masterplan¹⁰ which sets out a comprehensive social, economic and physical blueprint for the regeneration of the public housing estates at Moyross, St. Mary's Park and Southill/Ballinacurra Weston and adjacent lands on the Northside and Southside of Limerick City. The 10 year Plan is ambitious and wide ranging but achievable and very necessary for the future of the people living in those areas and ultimately to enhance the quality of life for all in Limerick City. It is only when action is taken to improve the fabric of the city that the negative image associated with the city can be addressed. This is crucial in order for Limerick to prosper and realise its full potential.

1.4 Regional Economic Performance - Productivity and Disposable Income

The Mid West region accounts for 7.5 per cent of national GDP¹¹. Regional output¹² is driven predominantly by the services sector (57.7%), with the manufacturing and construction sector accounting for approximately 40 per cent. The agriculture sector accounts for only 2.5 per cent of regional GVA. Productivity in the Mid West region, as measured by GVA per worker, is the third highest level of GVA (€31,855) in Ireland, after the South West (€42,952) and Dublin (€51,588).

Disposable income in the Mid West is 97 per cent of the national average, behind only Dublin and the Mid East¹³.

1.5 Economic Infrastructure - Access and Connectivity Infrastructures¹⁴

In terms of physical access infrastructure, Limerick and the Mid West region still has some key infrastructure projects which need to be completed. The Limerick to Portlaoise M/ N7 is currently under construction and due to be complete mid-2010.

The Limerick Southern Ring Road (Phase 2), including the fourth Shannon River Crossing, is expected to be completed in 2010. Construction has yet to commence on the N18 Gort to Oranmore, the N21 Adare Bypass and the linking of Foynes Port to the national primary network, the Northern Ring Route around Limerick and the N20 Croom to Patrickswell and Croom to Mallow. These infrastructure developments will significantly improve access infrastructure in the region. From an economic development perspective, links from

⁹ For more information refer to Chapter 4.

¹⁰ Limerick Regeneration Programme 2009-2018 (October 2008) www.limerickregeneration.ie

¹¹ As measured by GVA as a proxy for GDP.

¹² GVA or Gross Value Added measures wealth creation in a country or region. It represents the value of all goods and services produced in a region, less the costs of materials and inputs. All figures refer to 2006 data.

¹³ Latest available is the CSO's *County Incomes and Regional GDP 2006*.

¹⁴ For further discussion and recommendations regarding infrastructure refer to Chapter 5.

Limerick/Mid West to other regions and Gateways are of vital importance, as they increase the mobility of labour and enable companies to access a wider range of relevant services and inputs from other companies in associated industries, sub-suppliers, universities, etc.

1.5.1 Shannon International Airport

Shannon International Airport, which provides direct international access to the Mid West region, is a central feature of the region's transport infrastructure. The airport is a key driver for economic, tourism and industrial development for the Mid West region and the greater West of Ireland. In 2008 Shannon International Airport passenger throughput was recorded at 3.1m, which was a decrease of 12 per cent on the previous year. This followed a similar pattern to many airports throughout Europe which were also impacted by the downturn in the global economy. However, the reintroduction of the Aer Lingus London Heathrow service (March 2009) and more significantly the establishment of Europe's first Customs and Border Protection¹⁵ (CBP) full pre-clearance facility at the airport in July should have a positive impact on passenger numbers going forward. The CBP pre-clearance facility has the potential for Shannon to emerge as a major transatlantic aviation gateway. It is expected that this facility will ultimately increase the number of transatlantic flights daily in and out of Shannon, which would strengthen revenue through increased landing and handling charges, and support employment levels at the airport in the process.

However, Shannon Airport is facing new threats with the announcement in June 2009 that Delta is to pull its winter service to JFK, while Aer Lingus has decided to cut its Shannon to Chicago service on September 1st 2009. The Shannon to New York JFK Aer Lingus service has been placed under close review. Furthermore, Ryanair has announced that it is reducing the number of its aircraft at Shannon this winter from four to three.

1.5.2 Port Facilities

The ports on the Shannon Estuary, an important deepwater resource, provide for a variety of shipping access. There are 6 main facilities handling a total of 1,000 ships per annum, carrying in excess c.11 million tonnes of cargo, which is equivalent to 20 per cent of goods tonnage handled at national ports. Shannon Foynes Port Company manages six of the ports in the Estuary. It is Ireland's largest bulk cargo handler by tonnage and ships over 220,000 DWT18. It is one of two ports in Ireland with the capacity for deep water vessels, the other being Ringaskiddy in Cork. Coal, bauxite, timber, fertiliser, animal feeds and oil and recyclables are among the main products shipped to and from the port.¹⁶

1.5.3 Telecommunications

The quality and cost of broadband services is a key issue in the Mid West Region. High speed broadband is a critical component of infrastructure to enable regional development, and is a fundamental requirement for all businesses of the future. Therefore, efforts need to be made to improve the region's broadband infrastructure, with a focus on delivering pervasive, cost competitive, higher quality broadband across the region¹⁷.

¹⁵ For further information and Task Force recommendations in relation to Shannon Airport see Chapter 5.

¹⁶ Forfás, 2009

¹⁷ For further information on broadband refer to Chapter 5.

1.5.4 Industrial Property

The Mid West Region is well endowed with business and technology parks across the region. Shannon Development owns and manages 57 industrial locations throughout the region, which range from large business parks, including Shannon Free Zone (SFZ), the National Technology Park and Raheen Business Park, to smaller industrial estates.

The Shannon Free Zone comprises the largest single concentration of industry on the western corridor with approximately 7,100 employed in 100 companies, generating €3.5 billion in sales and spending approximately €742m in services annually. During recent years there has been an acceleration of development in the internationally traded services sector, such as financial/insurance services, software/telecom (e.g. Northern Trust).

The National Technology Park¹⁸, beside the University of Limerick, is Ireland's first technology park. Over 80 organisations now operate on the Park, employing over 3,000 skilled and highly qualified personnel in a mix of multi-national subsidiaries, Irish technology companies, R&D entities and support companies which occupy more than 30 buildings with a floor area of 1.5 million sq feet. ICT, materials and e-business are the dominant sectors.

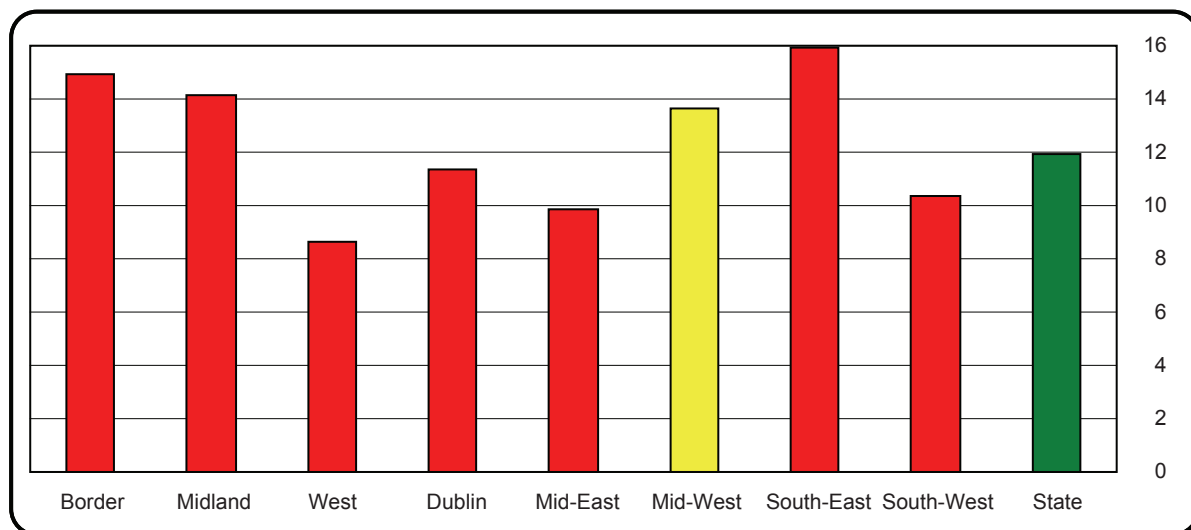
Limerick also benefits from Raheen Business Park, which has concentrations in computers, electronics, food, metal products and instrumentation. More recent infrastructure developments in the region have been the Ennis Information Age Park, the Tipperary Technology Park in Thurles and the Westpark development in the Shannon Free Zone.

1.6 Knowledge, Skills and Regional Innovation Capacity

- The Mid West region has several higher education institutions; the University of Limerick, Limerick Institute of Technology, Mary Immaculate College and the Tipperary Institute.
- Over 26 per cent of the population (15 yrs+) in the Mid West region possessed a third level qualification in 2006. While this is below the average for the State (29.1%), the Mid West compares favourably with other regions, outside Dublin, whose high proportion with third level degrees has had the effect of raising the national average.
- Analysis of those at degree level or higher, shows that whereas most regions have increased their relative share of the population with a degree qualification over the period 2002 to 2006, the Mid West has remained unchanged.
- Although the proportion of unskilled in the labour force has declined in the Mid West over the period 2002-2006, the Mid West has a relatively high proportion of early school leavers (Figure 2) and data indicates the Mid West has not retained (or attracted back) the key economic cohort of people aged between 25 and 29, and is the second weakest performing region in this regard.

¹⁸ The National Technology Park Limerick was formally inaugurated in 1984 as the first Irish Science/Technology Park.

Figure 2: Early School Leavers



Source: Forfás, 2009

- In terms of subject area of qualifications for third level graduates, and when compared with the national averages, the Mid West has a higher concentration in the areas of Engineering, Manufacturing and Construction (counted as one category), Computing and Education.
- The University of Limerick is a substantial driver of innovation through its research capacity. The key areas of UL's research include materials and surface science, information and communication technologies, bioengineering and biosciences, energy and sustainable environment, applied mathematics and the study of knowledge in society.
- Business Expenditure on R&D is reasonably represented and performing in line with the South West and West regions (Dublin is significantly ahead). However, a relatively small number of firms account for this expenditure.

Table 1: Regional Business Expenditure on R&D

Region	Business Expenditure on R&D 2005 (% of State)
Border	3.9
Dublin	41.8
Mid East	4.7
Midland	9.5
Mid West	11.9
SE	4.4
SW	11.4
West	12.5
State	100

Source: Forfás, 2009.

- In terms of the region's attractiveness for graduates, recent data from the HEA shows that the Mid West has fared reasonably well in terms of its share of new graduates who have found employment within nine months of their graduation in 2006. Dublin's dominance is again obvious across all qualifications. Excluding Dublin and the overseas destinations however, the Mid West ranks second only to the South West in terms of PhDs and Research Masters, and third after the South-West and West for Bachelor and Taught Masters degrees. The pattern established is likely to be heavily influenced by the presence of universities in the higher ranking regions.

1.7 Enterprise Base / Sectoral Profile of Employment

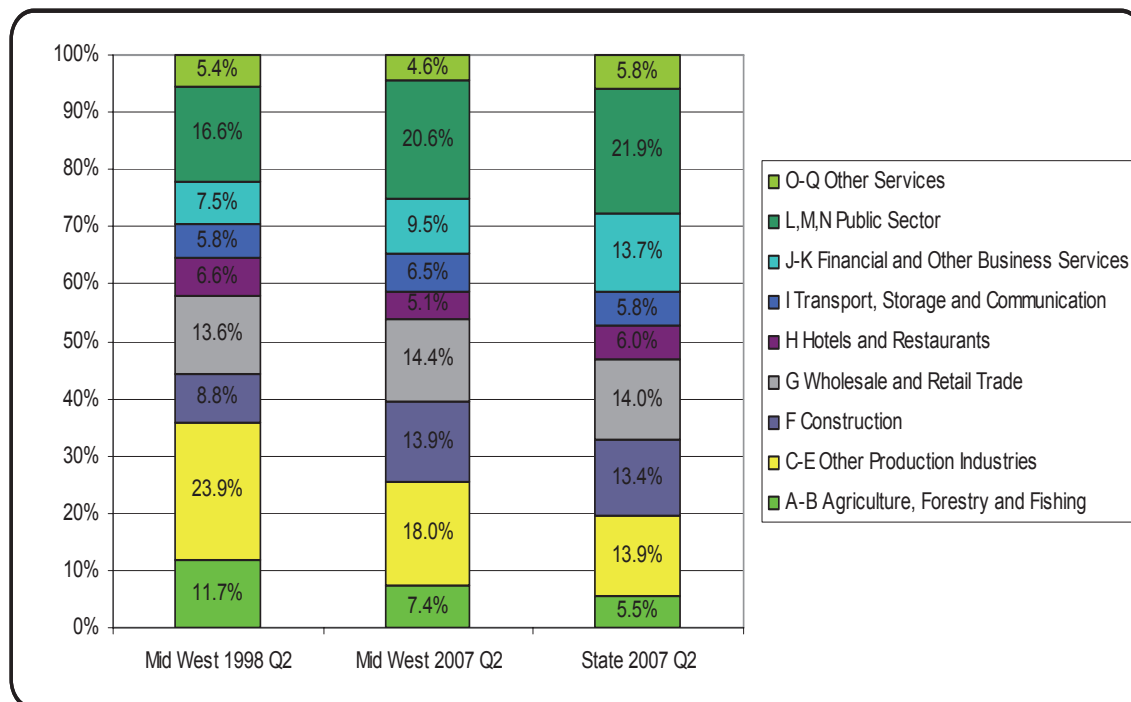
The sectoral profile of employment is similar to the national picture, with the exception of the manufacturing sector, which accounts for a larger share of employment in the Mid West region. Almost a third of the employment increase in the region over the period 1998 to 2007 is accounted for by public sector services activity. A further 29 per cent is due to the expansion of the construction sector. Almost all remaining employment growth was due to growth in the broader local and internationally traded services activity. Retail and distribution trade was up 16 per cent, while employment in financial and other business services (including many locally traded services such as auctioneers, solicitors and accountants, as well as internationally traded services) grew by 15 per cent.

Comparing regional to national growth in employment, the construction, wholesale and retail and transport, storage and communication sectors were more significant sources of employment growth in the Mid West than they were in the state overall, while the financial, business and other services and the hotel and restaurant trade contributed less to growth in the Mid West than they did at a national level.

Figure 3 below shows how varying rates of employment growth across the different sectors have changed the sectoral composition of the region's employment. Of particular note is the relative decline in the proportion of people employed in the manufacturing, mining and utility provision sectors, and the corresponding increase in the proportion employed in construction and public sector service activities.¹⁹ However, while the region's workforce in the manufacturing and industrial sector is declining the Mid West continues to have a higher proportion of its workforce employed in this sector than any other region in the country. The corollary of this is that the services sector in the region, though growing, represents a smaller proportion of the region's economic activity than is the case nationally (Figure 3).

¹⁹ Forfás, 2009

Figure 3: The Enterprise Dynamic / Distribution of Employment in the Mid West

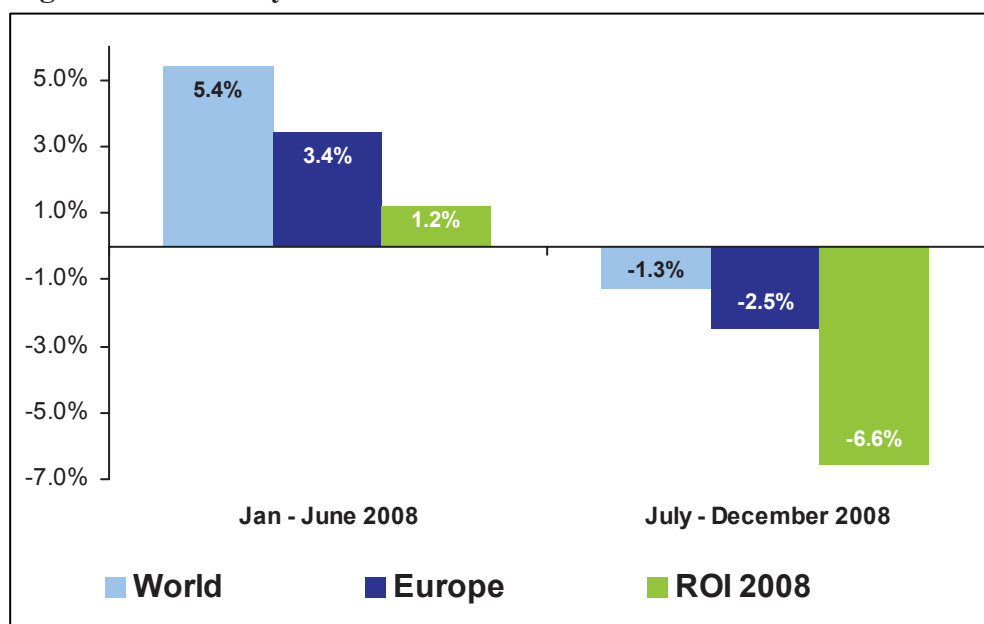


Source: Forfás, 2009

1.7.1 Tourism

Tourism is a significant contributor to the Mid West Region. There are approximately 1,000 tourism businesses in the Shannon Region employing 25,000 persons across a range of sectors from accommodation to day visitor attractions. In 2008, the region attracted close to 2 million overseas and domestic visitors who generated €528.8 million in revenue for the regional economy. Growth in visitor numbers continued in the first half of 2008 with a significant decline in the second half of the year (Figure 4). The macro environment changed significantly in the last year with the global economic downturn, and as a result visitor numbers to the Shannon Region decreased by almost 3 per cent during the year.

Figure 4: 2008 – A year of two-halves for Irish Visitor Numbers



Source: Tourism Ireland

Note: All island 2008* is based on ROI estimates and represents ROI only

Consumer confidence, personal spending and GDP have all declined in the Mid West Region's source markets. Moreover, the dollar and sterling have devalued substantially against the euro, which has impacted the region's competitiveness. The profile and requirements of customers is changing rapidly and competition is becoming more intense. Recent years have seen a major shift in travel by holiday-makers from sea to air, brought on by the growth of low-cost carriers. Over 50 per cent of the region's holiday-makers use Shannon Airport, illustrating the increased importance of Shannon Airport.²⁰ Route development and international connectivity through Shannon will be vital for tourism in the future. The Tourism industry is facing more challenges in recent years and the region is now competing against attractive and cheap destinations elsewhere in Europe, and facing increasing tourist demands for a unique experience and authenticity.

1.8 Leadership and Strategic Capacity

International research identifies the significance of local leadership in driving regional development. Local leadership can depend both on the institutions and personalities which operate within a region. There are a range of local, city, and county level bodies and organisations responsible for various elements of regional economic development in the Mid West.

1.9 Quality of Life

By focusing on quality of life as a 'driver' of regional competitiveness (and enterprise development in particular) it is possible to identify some areas where its relevance is most pronounced, for example:

²⁰ Fáilte Ireland

- Creating the conditions to foster and support innovation, creativity, and knowledge generation/transfer.
- Attracting and retaining skilled people, particularly internationally mobile skilled labour.
- Attracting knowledge intensive internationally mobile foreign direct investment, including research and innovation activities.

An array of 'quality of life' dimensions can be identified that support the achievement of these broad objectives. In the context of the Mid West region these are:

- An attractive urban environment/urban experience in principal urban centres.
- Knowledge capital – learning society (regionally integrated HEIs, accessible life-long learning).
- Cultural capital, cultural amenities, cultural exchange.
- Highly developed social infrastructure - health, education, recreation, retail, amenity and similar facilities that would be expected in a region.
- Accessibility to a diverse range of sporting and recreational amenities.
- Social inclusion.
- Efficient transport and communications networks (including public transport).

1.10 Mid West Labour Market

The recent turnaround in the Mid West labour market has been dramatic. By Q4 2008 employment in the region totalled 167,200, a decrease of 3 per cent year-on-year. The second half of 2008 saw a rapid rise in unemployment in Ireland and as a result there has been a significant change in the Mid West regional labour market²¹. Estimates for the Mid West Region's unemployment rate (12.5%) show that it was higher than the national average unemployment rate (11.4%) in February 2009²².

1.10.1 Live Register

The number on the Live Register²³ for the Mid West Region at the end of May 2009 was 35,522 registrants. When compared with other regions nationally the Mid West experienced the largest percentage increase (5%) during the month of May. This has risen from 25,915 registrants at the end of December 2008, an increase of 9,607 new registrants over the 5 month period²⁴. This increase is mainly due to a decrease in manufacturing and construction jobs and a knock-on effect on service jobs within the region. Recent national statistics released by the Department of Enterprise Trade and Employment show that almost 49 per cent of job losses in May 2009 were in construction and manufacturing, and 34 per cent were in the services sector²⁵. The statistics also show that, at a national level, 45.58 per cent more males lost their job compared to female employees in May 2009.

²¹ Unemployed persons refers to those who are out of work, seeking work and available for work (ILO). The unemployment rate is the number unemployed as a percentage of the total labour force.

²² FÁS

²³ The Live Register is *not* designed to measure unemployment. It includes people who are receiving state benefits, part-time workers (those who work up to three days a week), seasonal and casual workers entitled to Jobseekers Benefit or Allowance (CSO, Live Register May 2009).

²⁴ CSO, Live Register, 2008.

²⁵ *The Irish Times*, "350 job cuts every day in May" Wed 3rd June

Male/Female Representation

When broken down by age and gender it is evident that males in the Mid West have been worst affected by the recent downturn, which is primarily due to the downturn in the construction sector. The number of males under the age of 25 signing on increased by 108 per cent year-on-year in May. In general, the number of males overall signing on increased by 105 per cent compared to a 96 per cent increase for females. Overall, males account for two-thirds of the total on the Live Register (Table 2). A further consideration is that over one fifth of registrants overall are under 25 years and within this cohort, the number of males signing on is double that of females.

Table 2: Mid West Live Register May 2009

	Under 25	Over 25	Total	%
Female	2,698	9,149	11,847	33%
Male	4,926	18,749	23,675	66%
Total	7,624	27,898	35,522	100%

Source: CSO Live Register May, 2009.

Furthermore, at 2.1 per cent the Mid West Region has the highest rate of long-term unemployment in the country (compared to 1.3 per for the national average²⁶). Large pockets of long-term unemployment in certain areas of Limerick City have contributed substantially to the region's high level overall.

1.10.2 Outlook for the Mid West Region 2009-2010

The total number on the Live Register for the Mid West Region at the end of 2008 was 25,915 registrants.²⁷ This has risen by 9,607 in the first 5 months from January to May 2009 and is likely to rise by a further 20,000 by December 2010²⁸.

It is also predicted that the region's unemployment rate²⁹ could peak at 20 per cent in 2010³⁰, which would be 3 percentage points above the estimated national average (17%) for the same period.

Taking into account the particular importance of manufacturing in the region, Mid West jobs losses over the period 2009-2010 are forecast to be broken down as follows:

²⁶ CSO, "Regional Quality of Life in Ireland 2008"

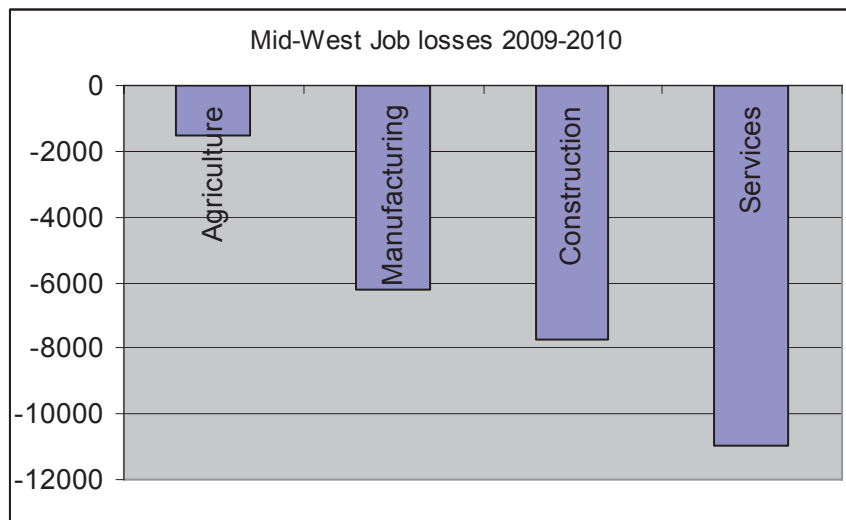
²⁷ CSO, Live Register, 2008.

²⁸ FÁS

²⁹ The unemployment rate refers to the numbers unemployed as a percentage of the total labour force. The percentage of those on the Live Register is higher than the unemployment rate, as the Live Register includes part-time workers, casual workers and those entitled to Jobseekers Benefit or Allowance. The numbers on the Live Register is likely to increase substantially over the next year as some companies begin to introduce shorter working weeks and a proportion of graduates move from 3rd level education onto the Live Register.

³⁰ FÁS

Figure 5: Projected Mid West Job Losses 2009-2010



Source: FÁS, 2009

The immediate challenge facing the Mid West labour market is the rapid rise in unemployment (and in particular the rise in the numbers signing on to the Live Register). In order to address this issue, it will be important to bear in mind that not only is the increase in the Live Register likely to be significant in the short-term, but the profile of the new Live Registrants is expected to be quite different from recent years. In particular, there will be more experienced and skilled workers signing on, along with an increased flow from both the second and third level education systems. Furthermore, an additional cohort signing on includes early school leavers, of which the Mid West Region has a relatively higher proportion. In order for employment policies to be effective, it will be necessary to target sub-groups with tailored responses. A major question facing policy makers is how to prioritise among these sub-groups, given the context of increasingly limited budgetary resources. Due to severe constraints on public expenditure it is imperative to ensure that any measures to address unemployment are cost-effective. Furthermore, implementation will necessitate a reallocation of resources from other areas.

Overall, the following are key labour market challenges facing the Mid West Region:

- Rapid rise in unemployment over the last year.
- The numbers signing onto the Live Register is significantly increasing, and this is likely to continue if action is not taken.
- Large losses of jobs in the manufacturing, service and construction industries.
- The Mid West unemployment rate is above the national average. Moreover the national average unemployment rate is above the EU average.
- Increase in unemployment is particularly affecting under-25s.
- Different categories of people are affected including early school leavers, young graduates, experienced and skilled workers. A range of tailored responses are required to address the issue.

Summary of Key Points

- Dell announcements in January and March of 2009 will result in the loss of 2,000 employees from the Limerick Plant, with an estimated reduction of 2,600 in employment of direct sub-supplies.
- The Mid West region's population growth is lagging behind other Irish regions, and only the Midlands has attracted fewer non-nationals than the Mid West.
- The problems in Limerick City in relation to its negative image, crime, social exclusion and disorder are recognised in the Limerick Regeneration Masterplan.
- Key infrastructure requirements, including the N18, N20, Foynes Port link and the Northern Ring Road have yet to be completed.
- Shannon Airport is a central feature of the region's transport infrastructure, and with the introduction of CBP the airport has the potential to emerge as a major transatlantic gateway.
- The Mid West Region is well served in terms of 3rd level educational facilities. However, the region has a relatively high proportion of early school leavers and statistics show that the Mid West Region has not retained (or attracted back) the key cohort of people aged 25-29.
- 2008 was a year of two halves for the Irish tourism industry as growth in visitor numbers continued in the first half of 2008 with a significant decline in the second half of the year. As a result the Shannon Region experienced a decrease of 3 per cent in visitor numbers in 2008.
- There were 35,522 people on the Mid West Live Register at the end of May 2009. This could grow to 55,000 by the end of 2010 if corrective actions are not taken. The region recorded the largest percentage increase (5%) in the numbers signing on during the month of May, as the Dell factor began to take effect. This was also reflected in the percentage increase for Limerick (7.1%) during the month.

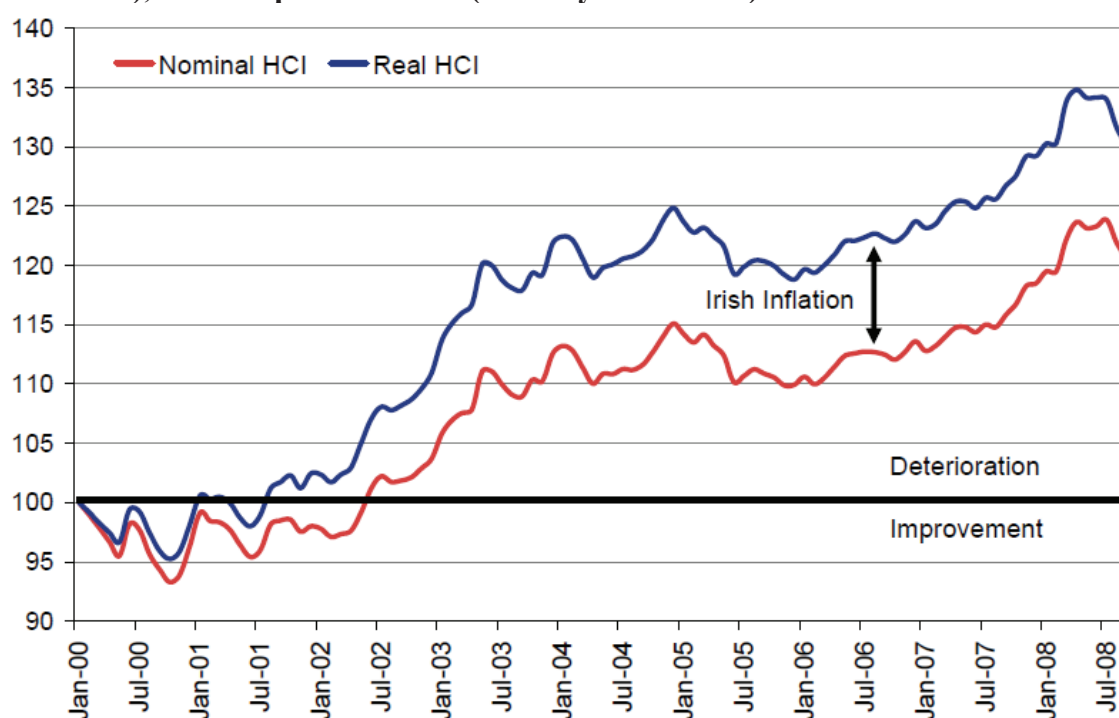
Chapter 2

Cost Competitiveness

Chapter 2: Cost Competitiveness

The need to improve cost competitiveness is a national issue which also clearly impacts on the Mid West Region. The most recent report of the National Competitiveness Council (NCC) has highlighted the competitiveness challenge facing the Irish economy. During the period from January 2000 to September 2008 Ireland lost 32 per cent in international price competitiveness (real Harmonised Competitiveness Indicator (HCI)³¹) (Figure 6). This reflects a combination of higher price inflation in Ireland, which accounted for approximately one third of the loss, and an appreciation of the euro against the currencies of many of our trading partners (nominal HCI)³².

Figure 6: Price Competitiveness indicator for Ireland (Harmonised Competitiveness Indicators), 2000- September 2008 (January 2000 = 100)



Source: NCC Annual Competitiveness Report 2008

The Economic and Social Research Institute's (ESRI)³³ maintains that the deterioration in Ireland's competitiveness in recent years is primarily a result of the labour market pressures exerted by the property market and the construction sector. The ESRI suggests that other constraints, including a lack of competition in key areas of the economy including energy, telecommunications and professional services, have also contributed to the cost competitiveness problem.

³¹ The purpose of the HCIs is to provide consistent and comparable measures of euro area countries' price and cost competitiveness that are also consistent with the real effective exchange rates (EERs) of the euro (European Central Bank).

³² NCC "Annual Competitiveness Report" 2008

³³ "Recovery Scenarios for Ireland" ESRI, May 2009

The costs associated with running a business in the Mid West Region have increased significantly in recent years, primarily driven by high labour costs and the price of energy. While the slowdown in the economy is leading to some moderation in cost pressures, concerted actions are required to manage costs in the region. To remedy the consequences of this loss of competitiveness, to improve the situation sufficiently and to attract new enterprise to the Mid West Region we will require a substantial reduction in relative costs, compared to our major trading partners. Attracting new investment is critical to replace the jobs lost in existing business in the region and to provide jobs for the prospective large increase in the numbers of unemployed. Moreover, the ESRI has argued that improving the competitiveness of the Irish Economy is essential if the economy is to return to full employment within a reasonable timescale.

2.1 Labour Costs

At the core of Ireland's competitiveness difficulties is the trend in the cost of doing business here vis-à-vis that in two of our main trading partners – the UK and the US. Labour costs account for a large share of total operating costs for businesses in the Mid West region, and the increasing cost of labour has been identified as a key driver of growing costs. In 2000, average labour costs in Ireland were 40 per cent lower than those in the US and 17 per cent cheaper than the UK³⁴. A combination of euro strength and high wage growth in Ireland resulted in a complete reversal of the competitive position by 2008 when average labour costs in Ireland were 11 per cent above that in the US and 19 per cent higher than in the UK³⁵. Overall, during the period 2001 to 2008 (Q2) economy-wide labour costs in Ireland have increased by 50 per cent more than the EU-15 average³⁶.

While the slowdown in the economy should moderate wage growth, urgent measures to reduce labour costs are required.

To become competitive the Task Force believes the following should be considered:

- A national pay freeze until the economy starts growing again.
- Pay reductions in vulnerable businesses.
- A reduction in employer PRSI contributions.
- Elimination or reduction in weekend and shift allowances.
- A review of the minimum wage and social welfare relativity.

2.2 Energy Costs

The Forfás submission on the Government's Green Paper on Energy highlights that Ireland is now one of the most expensive countries in the EU in terms of energy, compared to its competitive position almost 10 years ago. The Mid West Region's ability to continue to attract foreign direct investment and to provide a supportive environment for indigenous industry will significantly depend on its capacity to deliver a secure and uninterrupted energy supply at a competitive cost.

Irish industrial electricity costs are the second highest in the EU-25. During the period January 2000 -2007 Irish prices increased by 70 per cent, which was twice the average

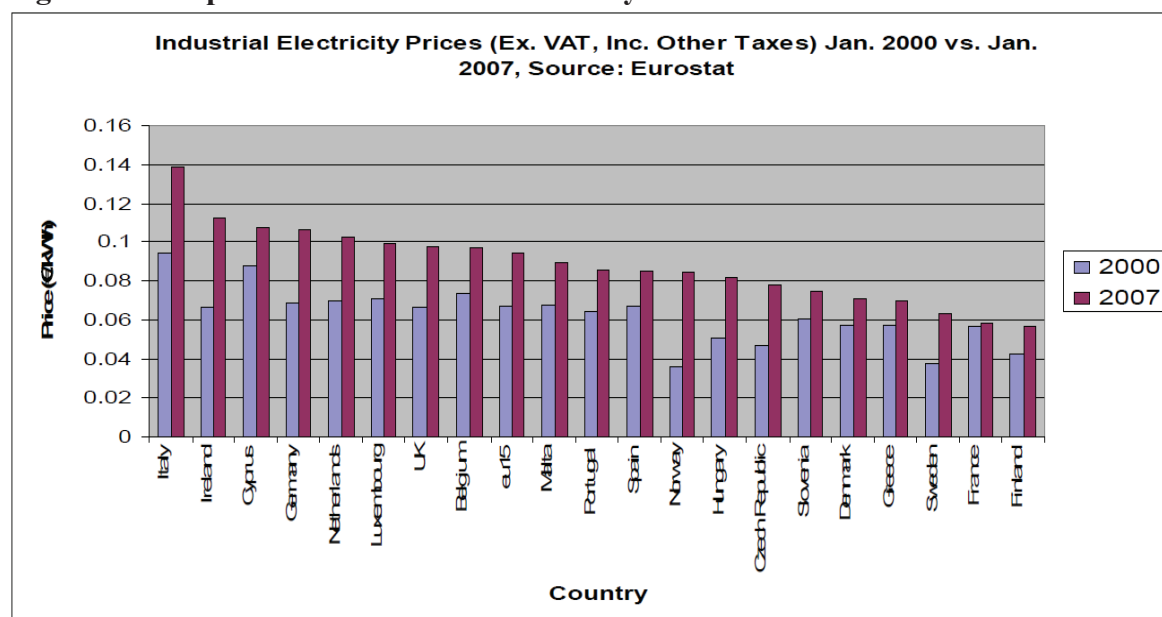
³⁴ Labour costs consist of basic pay and employers' PRSI (IBEC).

³⁵ IBEC Quarterly Review Economic Trends, April 2009.

³⁶ NCC, Annual Competitiveness Report 2008

increased across the EU-15³⁷. Most recent statistics available for 2008 show that electricity prices for industrial consumers in the UK are .1312 euro/kWh compared to .1753 euro/kWh for Ireland³⁸. Ireland has the highest electricity prices in Europe for many businesses. In addition, low levels of spare generation capacity, limited interconnection, the poor availability performance and relatively small scale of Irish generation plants, inefficiencies in distribution and limited competition in generation and supply directly contribute to our uncompetitive electricity costs³⁹.

Figure 7: Comparison of Industrial Electricity Prices between 2000 and 2007*



Source: IBEC 2009, "A Programme for Enterprise Development and Sustainability".

*Eurostat, 2008. The industry profile used has the following characteristics: Annual consumption: 2 000 MWh; maximum demand: 500 kW; annual load: 4,000 hours. Price in euro per kwh (Kilowatt/hour), without taxes.

Irish gas prices have also increased significantly during the 10 year period from 1998 to 2008. Ireland is now one of the least competitive countries in the EU in terms of gas prices. In 2008 the price of gas in Ireland was €11.05 per gigajoule, compared with €7.29 per gigajoule in the UK, and an average of €8.79 per gigajoule for the EU-27⁴⁰.

Energy is critical infrastructure for a thriving regional economy. The Task Force's second report will consider this issue in some depth both as a sector which in itself can bring a significant activity to the region and as critical infrastructure to support economic growth. In the immediate term from a regional and national perspective a reduction in the cost of energy by 20 per cent is critical. While Irish electricity, gas and other fuel prices have fallen by 4 per cent in the year to May⁴¹, a further reduction is critical.

³⁷ NCC, "Annual Competitiveness Report", 2008

³⁸ Eurostat, Environment and Energy

³⁹ NCC, "Annual Competitiveness Report", 2008

⁴⁰ Eurostat 2009

⁴¹ CSO "Consumer Price Index May 2009".

Specific Immediate Requirements⁴²:

- The operation of the Single Electricity Market (SEM) should be reviewed to ensure that the market is functioning well, driving efficiencies and *delivering* internationally competitive prices.
- The support mechanisms for alternative and renewables generation should be reviewed to ensure the appropriateness of all price support mechanisms and that they are market-based.
- Continue to recover the carbon windfall from all generators as a matter of principle each year until it expires in 2012.
- Changes to the 'single premises' regulations which apply to Combined Heat and Power facilities which would allow sharing of such facilities by firms and would support and facilitate investment which would contribute to reducing costs for large users and multi-occupancy sites.
- Eirgrid should prioritise Grid enhancement and investment in the Mid West region when reviewing its transmission investment strategy (2009-2015), in particular Ennis which has <10MW of spare capacity in the short to medium term.
- Stronger regional based initiatives to promote energy efficiency among all enterprises should be progressed.

⁴² Forfás, 2009

Cost Competitiveness – Key Recommendations

The Mid West region has experienced a significant increase in the costs associated with industry and tourism in recent years. In order for the region to compete successfully in international markets urgent attention must be placed on reducing the cost base and a target reduction of 20 per cent would be appropriate.

Labour costs have moved to 11 per cent and 19 per cent above the US and UK respectively. Irish industrial electricity costs are the second highest in the EU-25 and are 30 per cent higher than in the UK. Gas prices are approximately 50 per cent higher than in the UK. Ireland must become cost competitive again relative to the EU, the US and in particular the UK. Without establishing this foundation unemployment will continue to rise and stay at unacceptable levels for years to come.

The Task Force Recommends that:

- A cost competitiveness strategy should be set out and achieved as a priority.
- Costs need to be reduced at a national level as well as a regional level.

Chapter 3

Tackling Growing Unemployment

Chapter 3: Tackling Growing Unemployment

3.1 Introduction

From May 2008 to May 2009 the numbers on the Live Register in Ireland have risen from 201,756 to 396,871, an increase of 195,115 (+96.7%). In the Mid West Region, this increase was from 17,869 (May 2008) to 35,522 (May 2009), an increase of 17,653 (+98.8%). It is now critically important for the Government and relevant agencies to concentrate on the issue of unemployment. Urgent steps are needed to address a growing problem which has serious negative effects on the individuals concerned and the society in which they live.

In dealing with this crisis in the region, some key principles should guide our responses.

Firstly, take urgent steps to avoid a worker becoming unemployed.

Numerous studies have pointed to the very negative effects that unemployment has on the individuals concerned and the society in which they live⁴³. Unemployment can lead to health, social and crime issues. The loss of skills results in a loss of human capital.

Secondly, of those who are unemployed, the most disadvantaged are the long term unemployed (LTU). In the Mid West Region, the LTU rate is 2.1 per cent as opposed to the state average of 1.3 per cent. The regional rate has doubled over the period 2002 to 2007 whereas most other regions have experienced a decrease in this rate⁴⁴. Long term unemployment is especially harmful and the effects are related to the duration of unemployment. Intensive efforts should therefore concentrate on those who are most likely to become long term unemployed

Thirdly, it is especially harmful to young people to have a spell of unemployment.

‘It turns out that spells of unemployment are especially harmful to the individual – and to society – when young people become unemployed. A spell of unemployment when young continues to have a harmful impact in later life. Youth unemployment is harmful and needs to be avoided.’⁴⁵

The young unemployed should receive every support to access employment and/or education/training.

Finally, the unemployed are not a homogenous group; it is comprised of young, old, short/medium/long term unemployed and those with varying skill and experience levels. Therefore, programmes to address unemployment should clearly focus on the varying needs of each of these groups.

Overall Government should consider the need to:

(1) optimise the operating environment (costs, labour market policies)

⁴³ What Should be Done about Rising Unemployment in the UK? David N.F. Bell, David G. Blanchflower. February 2009 Forschungsinstitut zur Zukunft der Arbeit Institute for the Study of Labor

⁴⁴ CSO *Regional Quality of Life in Ireland 2008*

⁴⁵ What Should be Done about Rising Unemployment in the UK? David N.F. Bell, David G. Blanchflower. February 2009 Forschungsinstitut zur Zukunft der Arbeit Institute for the Study of Labor pg. 41

- (2) *optimise the enterprise base (innovation, productivity)*
- (3) *have appropriate education, training and work experience*

in order to avoid growing unemployment.

3.2 Labour market policies

There are two key types of labour market policies – passive and active. The former is concerned with welfare payments to those who are unemployed or early retirement schemes. On the active side, interventions concentrate on reducing unemployment. It is on the latter that we would recommend focus and intensive work to determine measures that have the best prospects of minimising unemployment itself and/or reducing the duration of unemployment.

3.3 Retaining employment

‘Prevention is better than cure.’

Every effort needs to be made to avoid further workers becoming unemployed. If companies are to keep their employees, and not resort to redundancies, then the government must help them in retaining staff. The €250m Temporary Employment Subsidy scheme is to be welcomed but the Government should also consider the following:

3.3.1. Payroll Costs: A reduction in the employer’s rate of PRSI⁴⁶ in order to assist in a reduction of payroll costs.

3.3.2 Corporation Tax: the Task Force recommends offering a repayment of Corporation Tax paid in current or earlier years, or allow an offset of Corporation Tax losses against payroll taxes, to companies in difficulty once again linked to retention of staff. Currently, tax losses cannot be carried back against corporation taxes paid on profits earned in any period prior to the last twelve months. However, this period should be extended by up to two further years, similar to the UK model.

3.3.3 Employees and employers should also engage positively in considering alternatives to redundancy. These may include reduced working hours, unpaid leave and career breaks. Shorter working weeks can mean that more people remain in employment, with benefits to them in terms of income, retention of skills and the affirmation of work; to the company in terms of lower payroll costs, retention of key skills and potential to quickly respond to market opportunities and to the state in terms of lower social welfare costs and positive societal benefits.

However, the immediate focus for those on reduced working hours should be on using the time not at work for education/re-skilling and not simply on collecting social welfare. A new model of reduced working hours and education/upskilling/reskilling would be an effective model in the short to medium term. For this to work there is a ***need to incentivise training over social welfare.***

⁴⁶ Chapter 2 addresses labour costs in further detail.

In the April 2009 Budget, a Pilot Scheme for Workers on Short Time was introduced⁴⁷. This is to be welcomed but the current provision for 277 places nationally needs to be reviewed urgently in light of the significant potential demand for such a programme. In the Mid West Region, FÁS and Shannon Development has initiated such a pilot programme for companies on the Shannon Free Zone and all the current national allocation could be utilised on this pilot alone. This programme needs to be extended and rolled out urgently.

3.4 Main Barriers to Employment

3.4.1 Government needs to review policies in relation to tax and social welfare. It must be more attractive for individuals to work than to be in receipt of social welfare. Double payment of allowance for those on Community Employment Schemes needs to be examined. Welfare trap theory asserts that taxation and welfare systems can jointly contribute to keeping people on social welfare. The effects are known as the unemployment trap and the poverty trap⁴⁸.

3.4.2 The minimum wage in Ireland is the second highest of the EU 27 countries⁴⁹. Based on the hourly rates, Ireland's rate, €8.65, is above that of our major trading partners i.e. €6.44 in the UK.

3.4.3 In the hotel and restaurant sector, arrangements regarding weekend and shift allowances need to be adjusted to address their negative impact on jobs. Wage costs are the biggest single cost outlay; labour costs as a percentage of turnover have grown from less than 30 per cent in the mid 1990s to over 40 per cent currently. The JLC system, established in 1946, requires hotels operating outside Dublin and Cork cities and Dun Laoghaire, to pay double time for work performed on Sundays. When combined with the minimum wage rate, wage costs for Sunday working are over €20 an hour.

3.5 The Unemployed

3.5.1 Training and Education

In recent years Ireland experienced problems of labour shortages. Consequently, state resources, particularly those of FÁS, were oriented away from addressing the issues faced by large numbers of unemployed persons. The focus should now swing decisively and urgently to providing services to the unemployed.

⁴⁷ See Appendix 3 for further detail.

⁴⁸ There is a distinction between the two concepts:

- the *unemployment trap* occurs when the net income difference between low-paid work and unemployment benefits is less than work related costs, discouraging movement into work;
- the *poverty trap* refers to the position when in-work income-tested benefit payments are reduced as income rises, combined with income tax and other deductions, with the effect of discouraging higher paid work whether that involves working longer hours or acquiring skills.

⁴⁹ Source Eurostat, last update 26.11.2008

These services must target those:

- Who are most likely to become long term unemployed
- Those with low skills
- The young unemployed

The most disadvantaged require most assistance. Services should focus on enabling people to get a job as quickly as possible when recovery begins.

One of key issues in the Mid West is the relatively high proportion of early school leavers. Poorly qualified school leavers are at very high risk of unemployment. The unemployment rate of those who left school early in 2005 was over 45% in 2006. ***This is rising as evidenced by FÁS registrations where 50% of those currently registering as unemployed with FÁS hold Junior Certificate or less qualification.*** The Government and relevant organisations should give priority to encouraging young people to stay in school and equip themselves for future employment. However, there is also a new cohort of Live Registrants who are quite different from the traditional profile i.e. skilled people, 3rd level graduates. This points to the need for policies to be tailored to target sub groups of the unemployed.

Some **key principles** must guide the responses to the unemployed:

- Education, training and keeping people connected to the workplace
- Every effort should be made by Government and relevant organisations to encourage young people to stay in school and equip themselves for future employment.
- Train for future jobs/'future proofed training'
- Improve integration between employment, welfare and training services
- Need for timely access to education/upskilling – remove the unemployment period currently applicable for existing schemes and remove unemployment periods required in order to qualify for support in education. There is scope for seamless transition from employment through redundancy notification to education/upskilling
- Incentivise training and education over social welfare payments
- Training facilities need to be locally available - take cognisance of the rural/urban realities; delivered flexibly time wise and in modular format.
- Eliminate red tape surrounding access to re-skilling programmes
- Innovative solutions and extra resources will be needed for training and education initiatives. Additional resources should be directed to FÁS and the VECs, in particular, who have detailed plans for addressing the needs of the unemployed in the Mid West Region. Ultimately, if the application to the European Globalization Adjustment Fund, EGF⁵⁰ from the region is successful, a large percentage of the extra funding required will be recouped from the EU.

⁵⁰ This EUR500 million annual fund was set up in 2006 to help workers made redundant as a result of unexpected changes in global trade to access retraining and get back to work. Amendments agreed recently to the EGF will allow member states apply for financial support to aid retraining when 500 workers are let go, rather than the 1,000 requirement at present. The EU will also pay 65 per cent of the cost of retraining

3.5.2 Community and Enterprise Schemes

There are a number of key re-training/re-skilling/up-skilling programmes which can be delivered to respond to the needs of the unemployed. These programmes can and should be identified and targeted to distinct groups of unemployed persons having regard to their age, skill level and work experience. Targeted programmes ensure that there is real skill enhancement, improvement in job readiness and therefore overall value for money/return on the investment in the programmes. These include:

- **Community Enterprise Schemes:** Over many years these schemes have provided much needed employment and services in communities. These schemes need to be carefully targeted and managed to ensure meaningful work; enduring outcomes and value for money. The Local Authorities in the Mid West Region have outlined a range of schemes that could be delivered in the region over the next few years. Together these schemes have the capacity to provide up to 800 jobs in the region.

schemes, up from 50 per cent currently. Crucially, the scheme has been extended to cover businesses that shed jobs due to the current crisis rather than just shifting patterns of world trade.

Tackling Growing Unemployment – Key Recommendations

With 35,522 people currently on the Live Register in the Mid West Region, a near doubling of those signing on since May 2008 (from 17,869), and projected to rise significantly, urgent steps are needed to address a growing problem which has serious negative effects on the individuals concerned and the society in which they live.

The Task Force recommends that:

Overall:

- Intensive efforts must to be made to avoid further workers becoming unemployed
- Of those who are unemployed, efforts should concentrate on those who are most likely to become long term unemployed
- Particular efforts should focus on the young unemployed
- Effective programmes should target clearly defined unemployed groups

Retaining Jobs

- The Government should assist companies to retain employees through a range of measures which could include reductions in employer PRSI and credit for corporation tax paid.
- Employees & employers will have to engage positively in considering alternatives to redundancy. These may include reduced working hours, unpaid leave and career breaks.
- A new model of reduced working hours and education/upskilling/ reskilling may be viable in the short to medium term. A pilot programme underway in the Shannon Free Zone, run by FÁS and Shannon Development, could be expanded throughout the Mid West Region. **We need to incentivise training over social welfare.**

Barriers to Employment

- The Government should review policies in relation to tax and social welfare. **It should be more attractive for individuals to work than to be in receipt of social welfare.**
- The minimum wage, which is the second highest in Europe, should be reviewed.
- Weekend/shift allowances (particularly Sunday pay in the hotel sector) should be reviewed in conjunction with social welfare, for their impact on employment.

Unemployed

The focus must now swing decisively and urgently to providing services to the unemployed and intensively to the most disadvantaged.

Key principles:

- Education, training and keeping people connected to the workplace are priorities.
- Every effort must be made to encourage young people to stay in school and equip themselves for future employment.
- Train for future jobs (identify future skills needs)
- Improve integration between employment, welfare and training services

- Need for timely access to education/upskilling – remove the unemployment period currently applicable for existing schemes and remove unemployment periods required in order to qualify for support in education. There is scope to improve transition from employment through redundancy notification to education/upskilling
- Incentivise training over social welfare payments
- Training facilities need to be locally available - take cognisance of the rural/urban realities; delivered flexibly time wise and in modular format.
- Eliminate red tape surrounding access to reskilling programmes
- Innovative solutions and extra resources will be needed for training and education initiatives. Additional resources should be directed to FÁS and the VECs, in particular, who have detailed plans for addressing the needs of the unemployed in the Mid West Region. Ultimately, if the application to the EGF is successful, a large percentage of the extra funding required will be recouped from the EU.

Community and Enterprise Schemes Targeted Programmes

- Community Enterprise Schemes: These schemes have over many years provided much needed employment and services in communities. These schemes need to be carefully targeted and managed to ensure meaningful work; enduring outcomes and value for money. The Local Authorities in the Mid West Region have outlined a range of schemes that could be delivered in the region over the next few years.

Key Enabling Factors

Unemployment is not only a huge economic issue, but also a serious social issue, for the individuals affected and the country. The Task Force recommends that Government work to tackle rising unemployment (and avoidance of unemployment) with urgency and a strong ‘whole of Government’ perspective. Active policies dedicated to reducing unemployment are critical as opposed to the passive provision of social welfare.

Adequate funding should be provided to - the Department of Enterprise, Trade and Employment to enable FÁS to respond to the growing need for training and re-skilling programmes; the Department of Arts, Sports and Tourism to drive tourism with particular emphasis on the promotion of domestic tourism; and the Department of Education and Science to provide the necessary additional programmes.

To drive this coherent thinking and delivery across all the government departments concerned (including the Department of Social & Family Affairs), the Task Force recommends that this issue be addressed by the Cabinet Committee on Economic Renewal.

Chapter 4

Limerick City

Chapter 4: Limerick City

Limerick/Shannon is the designated Gateway for the Mid West Region with Ennis as a hub town. At its core is Limerick City which has a population of 59,790 (CSO 2006) and some 90,000 including the suburbs⁵¹. The population of the city declined over the period 2002-2006 (-1.9%). Population growth in the city remained more or less static over the period, 1991-2006. This is in contrast to the trend in the county (population growth of 21.1%), the Mid West region (+16.2%) and the national trend (+20.3%).

The important role of Gateways in driving regional development was first highlighted in the National Development Plan 2000-2006.⁵²

'Development of Regional Gateways as a means of wider regional development is a long-term strategy requiring an incremental, planned and consistent approach to investment. However, the approach must also be flexible enough to adapt to changing economic and social conditions.' Pg. 44

This approach was confirmed in the National Spatial Strategy:⁵³

'Gateways have a strategic location, nationally and relative to their surrounding areas, and provide national scale social, economic infrastructure and support services. Further development of the five existing Gateways at Dublin, Cork, Limerick/Shannon, Galway and Waterford is a key component of the NSS.' Pg. 12

In the National Development Plan 2007-2013⁵⁴, the critical role of the Gateway city in the development of a region is highlighted:

'Regional economic growth is promoted by strong Gateway centres with the levels of critical mass, competitiveness, quality of built and natural environment and quality of life necessary to drive not just their own growth but the growth of the wider Region of which they form part.' Pg. 62

The Task Force believes that a strong city is a necessary pre-requisite for a strong region.

The Gateway Development Index⁵⁵, published in February 2009, was commissioned by the Border, Midland & Western and the Southern & Eastern Regional Assemblies to measure the extent to which the designated Gateways are progressing as drivers of regional economic development. The Index takes account of the current level of development and trends across a common framework of key indicators which include population, enterprise, environment, economic, employment and social factors.

The overall Limerick/Shannon Gateway Development Index (GDI) score is 4.7, slightly below the national average of 5. It is however the contrasting performance of Zones 1

⁵¹ This is the City as defined by the limits of the Limerick City Council

⁵² National Development Plan 2000-2006, Government Publications Office

⁵³ National Spatial Strategy 2002-2020, Government Publications Office

⁵⁴ National Development Plan 2007-2013, Government Publications Office

⁵⁵ Preparation of a Gateway Development Index, Report on Stages 1, 2, Fitzpatrick Associates. February 2009

and 2⁵⁶ that holds the key to Limerick's overall GDI performance. Essentially the overall below average performance is driven by the poor performance of Zone 1. Limerick's Zone 2 is actually above the national average, both overall and for most domains. Limerick Zone 1 scores among the lower Zones on a number of domains – especially population, affluence and social – the latter reflecting both high crime and low community participation indicators. Zone 1 is falling further below the national average. The Gateway as a whole cannot progress greatly in GDI terms until the performance of the urban core starts to improve.

It is believed⁵⁷ that Limerick, and its environs, appear to be punching below their weight in terms of economic activity and that unless the issues are addressed in a strategic and cohesive way, the Mid West's relative underperformance is likely to be further exacerbated in today's competitive environment, where enterprise investment is attracted to dynamic urban locations of scale. A dedicated, coherent marketing strategy would also assist in addressing the negative image of the City.

There are three key issues which, if addressed in the short to medium term with a degree of urgency, will begin to make a significant difference to the development of Limerick City and its environs. These are:

1. The issue of Governance in the wider city area
2. The Regeneration Plan for Limerick; and
3. The development of Limerick City Centre.

4.1 Governance of Limerick

In recent years numerous reports⁵⁸ have focused on the governance structure in Limerick. Three councils are involved in a relatively small geographical area which is proving to be inefficient and ineffective in articulating and delivering a coherent, ambitious plan for the Greater Limerick area. These reports have stated that if the governance issue is not tackled then Limerick City is unlikely to achieve its full potential as a key Gateway City for the Mid West Region. This issue has been referred to by almost all stakeholders to the Task Force as a serious hindrance to the development not only of the City but the entire Mid West Region and needs to be reviewed as a matter of urgency.

In summary:

- A commission, as provided for under existing legislation, is established as a matter of urgency and should report as quickly as possible, but no later than six months, in relation to the Governance of the Greater Limerick Area..

⁵⁶ Zone 1 is the Gateway urban core as defined by the CSO. Zone 2 is the wider catchment or functional area, defined using 2006 place of work (POWCAR) census data, as DEDs where in excess of 20% of the resident population commutes to the urban core to work.

⁵⁷ Forfás, 2009

⁵⁸ 'Revitalisation of Urban Limerick'; Dr. Ed Walsh & Mr. Peter Coyne, October 2007

'Limerick – A City of Opportunity?'; Jim Power Economics, June 2008

'Atlantic Way 2020 Priorities within a Shared Vision'; Atlantic Way, July 2008

4.2 Limerick Regeneration

In November 2006, John Fitzgerald was requested by Government to lead an initiative aimed at addressing social exclusion, crime, and disorder issues in Moyross and other disadvantaged areas in Limerick City. The subsequent report, published in April 2007, concluded that there were three strands necessary to deal with the problems. These were:

- Dealing with the issue of Criminality
- Economic and Infrastructural Regeneration
- Developing co-ordinated responses to Social and Educational problems, in order to break the cycle of disadvantage.

The Fitzgerald Report goes on to outline detailed recommendations, which were agreed by Government, for dealing with each of these strands. The two Regeneration Agencies recommended were subsequently established in June 2007 with John Fitzgerald as Chairman and Brendan Kenny as Chief Executive.

Two preliminary reports were launched in January 2008 which set out a vision for the regeneration of Southill and Ballinacurra Weston on the south side of the city, and Moyross on the Northside. In March 2008, St. Mary's Park (the Island) was added to the remit of the Agencies.

The four areas comprise 3,000 houses and over 800 acres of land.

In October 2008, the Agencies published the Masterplan (The Limerick Regeneration Programme 2009 – 2018)⁵⁹ which sets out a comprehensive social, economic and physical blueprint for the Regeneration of the Public Housing Estates at Moyross, St. Mary's Park and Southill/Ballinacurra Weston and adjacent lands on the Northside and Southside of Limerick City.

The 10 year Plan is ambitious and wide ranging but achievable and very necessary for the future of the people living in those areas and ultimately to enhance the image of the City, and the Region.

This Regeneration Programme needs to be implemented in full. The severity of the conditions which led to this focus on Limerick, which included the safety and well being of children and the elderly in these areas, will not be solved through local effort and resources alone. It is important also that the local communities are involved as much as is possible in the regeneration of their areas. Addressing the social element of the programme is also critical to ensure that the people of these areas will enjoy long term enduring benefits and not merely a short term physical uplift. The regeneration effort will also boost economic activity in the area via an improved image for the city, and attraction of increased visitor numbers, retail expenditure and investment generally.

The Regeneration Programme provides short, medium and long-term solutions to the many social problems associated with parts of Limerick City and this will ultimately have considerable positive benefits for those Areas as well as Limerick City and the Region. On

⁵⁹ Limerick Regeneration Programme 2009-2018 (October 2008) www.limerickregeneration.ie

top of this it has the potential, through the re-development required, to provide a major economic stimulus to the City and Region by the creation of much needed jobs.

There is a comprehensive Cost Benefit Analysis contained in the Regeneration Masterplan which demonstrates that the project will be self financing in the long term.

A significant amount of preparatory work has been carried out by the Agencies over the last two years, in addition to the completion of the Masterplan. A strong local presence now exists in each of the designated areas and side by side with intensive and ongoing consultation a lot of emphasis has been put into empowering and building up participation/capacity from local communities.

A budget of just under €25 million has been allocated to the Limerick Regeneration process for 2009 with €8.2 million for the Regeneration Agencies towards social interventions, small capital works, enterprise initiatives, research/feasibility studies and running costs.

The balance has been allocated to the three Local Authorities, Limerick City, Limerick County and Clare County towards the much needed work of re-housing families and the demolition of the large number of derelict houses in these areas.

There is particular emphasis on the integration, co-ordination, and accountability of the several State and non-State organisations that operate within, and that have major responsibilities in these areas. Progress is being made on this issue.

The regeneration agencies are involved in every facet of society in these areas including; Education, Health, Local Government, Justice/Policing, Sport/Leisure, Children/Youth issues, Family Support, the Elderly, Community Development etc. and following the development of the Masterplan, the Agencies are now in a good position to oversee its implementation.

The regeneration agencies are now ready to accelerate the initial phases of Regeneration. It is not just a money issue, because what is necessary now, is to speed up the detailed planning and design so that some of the many infrastructural projects within the Masterplan can be progressed.

A relatively small amount of funding only would be necessary to move on this detailed planning and design which would leave the Agencies in a position to accelerate construction in the future depending on economic conditions at that time.

Relevant Departmental approvals are urgently required to carry out the detailed planning and design to bring some of the several infrastructural projects in the Masterplan to implementation stage.

Simultaneously, the regeneration agencies will examine in detail opportunities for realising funding from non-exchequer sources e.g. incentives for private development, leasing models, public private partnerships etc. The concept of tax incentives to encourage private investment and development merits strong consideration for areas of Limerick City that were blighted very significantly over many years and indeed during the period of the Celtic Tiger. The regeneration agencies have already submitted papers on this issue to Government and it receives a strong focus in the Regeneration Masterplan.

The total capital investment requirement in the four areas (over the period 2009-2018) is €3.1 billion, made up of €1.7 billion of public sector investment and €1.4 billion from the private sector.

The discussion around the Regeneration Masterplan has most frequently focussed on the construction phase benefits which in itself would contribute in excess of €800 million for the exchequer.

However it will be the ability of the regeneration agencies to engage with the private sector to stimulate the anticipated investment levels in addition to the public sector investment that will create a new economic vibrancy for Limerick. The construction related aspects of the regeneration will give rise to approximately 3,000 direct jobs annually in the regeneration area over the period. This is a potentially significant boost to the regional construction sector, especially if initiated during the current down turn.

It is estimated that, as a result of the regeneration, approximately 4,000 new jobs would exist within the regeneration areas. Employment would also arise in new local enterprises and in public and private services.

Based on the average industrial wage, this employment would give rise to annual earnings of approximately €128 million in the Limerick area and an annual return to the Exchequer of approximately €25.6 million.

The potential increased expenditure from retail and tourism in the city is estimated at €96 million per annum.

Summary:

- The severe problems in these areas of Limerick City need to be addressed with some urgency; the implementation of the Limerick Regeneration Plan should be fast tracked.
- Implementation should be strongly supported by Government and delivered in an integrated way by all bodies/agencies concerned as outlined in the Masterplan which can be overseen by the Regeneration Agencies.
- Implementation must be delivered within the national, regional, sub-regional, wider Limerick area, and the City context, which are all outlined in the Masterplan.
- Not very significant expenditure is required initially i.e. €1 million (and the necessary approvals) in order to accelerate the detailed planning and design which is a pre-requisite to delivery.
- The detailed Cost benefit analysis contained in the Masterplan demonstrates that the overall proposed Regeneration Project will be self financing in the long term.
- There is very strong support from local stakeholders for acceleration of the Limerick Regeneration Masterplan/Programme.

4.3 Development of Limerick City Centre

In tandem with the Regeneration Project outlined above, it is also widely accepted that the centre of the City needs enhancement. Limerick City has significant potential and opportunities to make it the place of choice for business, living, tourism and investment, and to create a sustainable economic environment which will allow Limerick to join the ranks of the modern, dynamic, cosmopolitan European city⁶⁰.

However, the Coyne and Walsh (2007)⁶¹ report highlights key issues which are inhibiting the economic development of the Limerick urban area and consequently its wider region:

1. Brand image of social disorder and crime – both real and perceived.
2. The absence of an overarching vision for the future.
3. Dysfunctional structure of local government (three councils in one city).
4. The absence of overall drive and leadership on the issues of physical and economic renewal across the wider area.

Consequently, Limerick and its region are failing to compete economically with other European city regions of comparable size and the urban area of Limerick is critically disadvantaged in seeking to meet the expectations of the National Development Plan. In particular it is the image of the city that will initially sell Limerick as a forerunner in the race for new investment⁶². The Docklands, King's Island (Medieval Quarter) and the Arthur's Quay/Opera Quarter areas are of critical strategic importance to the city's economic future – they represent huge opportunities to extend the fabric of the city east and west of the city centre and to reform the city centre in a truly iconic fashion on the waterfront and thus create a true 21st century regional city centre⁶³. Unless the challenges facing the City are addressed Limerick and the Mid West Region are in serious danger of drifting further into decline as investment and jobs are attracted to other more dynamic, visionary and effectively governed regions⁶⁴.

4.3.1 Gateways Innovation Fund Proposal

A number of key projects would provide an impetus to the development of the city and generate civic pride and investor confidence. Two key projects were identified and outlined as part of the Gateway's application to the Gateway Innovation Fund.⁶⁵

⁶⁰ EML Architects "Limerick *A Riverside City*". 11th July 2009.

⁶¹ Coyne and Walsh (2007). "Revitalisation of Urban Limerick".

⁶² EML Architects "Limerick *A Riverside City*". 11th July 2009.

⁶³ Coyne and Walsh (2007) "Revitalisation of Urban Limerick".

⁶⁴ Coyne and Walsh (2007). "Revitalisation of Urban Limerick".

⁶⁵ Limerick/Shannon Gateway, Gateway Innovation Fund Proposal. "*Re-imaging the Gateway*". November 2007. The Gateway Innovation Fund was proposed as a strategic intervention to stimulate Gateway development in the context of the National Spatial Strategy. The local authorities of Limerick City Council, Limerick County Council, Clare County Council and North Tipperary County Council came together to

1. **Pedestrianisation and Enhancement of Limerick City Centre:** This project involves provision of an Inner Orbital Traffic Route which would divert vehicles from the City Centre while continuing to give access to the city, and facilitate pedestrianisation and pedestrian priority areas inside the Orbital Route. The Orbital Route will be ringed by a necklace of existing and planned multi story car parks. At the same time provision for public transport will be enhanced, and traffic management and streetscapes improved. The Riverside walkways would enhance the quality of access to the Shannon River – the single greatest amenity for the city – and encourage private investment in the surrounding areas.
2. **Access Links & Green Transport:** This project consists of a package of investments with the common theme of improving access to key locations including Moyross and linking Limerick City to the University of Limerick. The provision of improved access to Moyross is specifically recommended in the Fitzgerald Report.

In addition, four further projects should be prioritised:

3. The re-development of the **Arthurs Quay Area**, which includes the demolition of Sarsfield House⁶⁶ and the prioritisation of the Limerick Regeneration Programme, specifically relating to **St. Mary's Park**, would expedite the revival plans for the mediaeval quarter and form the vital extension of the city centre zone to **King's Island**.
4. The development potential of the Docklands area for the transformation of Limerick City needs to be fully explored. The Task Force's final report will investigate this further.
5. Establish a **City Marketing Fund** (Visitor and Investor Marketing Fund).
6. Implement City Centre Strategy 2008.

Incentive Schemes

Article 87 of the European Community Treaty enables the introduction of special measures (including designated tax incentives) in circumstances where there has been a serious disturbance in the economy of a Member State. The Task Force considers that these circumstances now exist in the Greater Limerick Area.

In order to leverage the private sector investment required the Task Force recommends that the Government introduces a scheme of capital allowances/incentives targeted and ring fenced towards certain high employment projects.

develop a proposal which identified key shared goals and a small number of key priorities for the development of the Gateway.

⁶⁶ Limerick City Centre Strategy 2008

Limerick City – Key Recommendations

There is wide acceptance that the Limerick/Shannon Gateway is central to the growth and prosperity of the Mid West Region with a thriving city centre at its core. Limerick City needs immediate investment to address social and economic issues. Coherent governance would also contribute enormously to city development.

The Task Force recommends that:

- A commission, as provided for under existing legislation, is established as a matter of urgency and should report as quickly as possible, but no later than six months, in relation to the Governance of the Greater Limerick Area.
- The severe problems in the areas of focus for the Regeneration Agencies in Limerick City need to be addressed with some urgency; therefore the implementation of the Limerick Regeneration Plan should be accelerated.
- Implementation of the Regeneration Plan to be strongly supported by relevant Government departments and agencies and delivered in an integrated way by all bodies/agencies concerned
- The pedestrianisation and enhancement of Limerick City Centre and the provision of critical access links needs to be commenced.
- A city marketing fund should be established.
- In order to leverage the private sector investment required the Task Force recommends that the Government introduces a scheme of capital allowances/incentives targeted and ring fenced towards certain high employment projects

Chapter 5

Accelerating Infrastructure

Chapter 5: Accelerating Infrastructure

Infrastructure that will increase the competitiveness of Irish business and improve the quality of life is a key government objective. World class infrastructure is critical to support enterprise and success in export-led growth. It is important that the investment in infrastructure is consistent with the National Spatial Strategy and that the development of the Gateways is prioritised. Key infrastructure includes:

- Transport
- Energy
- Telecommunications
- Environmental Services

This chapter focuses on:

1. Regional attributes that provide immediate development potential.
2. Projects that need to be accelerated.
3. The infrastructure that needs further examination currently to ensure it will support future regional growth.

5.1 Transport

5.1.1 Roads

In terms of physical access infrastructure, Limerick and the Mid West region still have key infrastructure projects which need to be completed. Roads such as the Limerick to Portlaoise M/N7, and the N18 and N20 infrastructure developments will significantly improve access infrastructure to the region.

Completion of the Limerick Southern Ring Road (Phase 2), including the fourth Shannon River Crossing, is on target to be completed by 2010 – this will bring significant benefits to Limerick City and the Region as access to and around the city will be considerably enhanced.

The completion of the Limerick to Galway N18 continuous dual carriageway is an urgent priority - the Gort to Oranmore section is one project with the Oranmore to Tuam section as a PPP.

Immediate road requirements for the Mid West Region are:

1. The urgent completion of the N18 continuous dual carriageway from Limerick to Galway.
2. Advance the Northern Ring Route around Limerick project to route selection and CPO stage.
3. Advance the N20 Limerick to Cork motorway scheme to CPO stage.
4. Deliver on the extension of the N21/23 west of Adare with a link to connect the N69 from Askeaton to Adare bypass.
5. Link Foynes Port (N69) to the National Primary Route Network.

5.1.2 International Access

Shannon International Airport is the international gateway not only to the Mid West but also to the West and South West of Ireland. It is a key driver of economic development for business connectivity, leisure/tourism traffic and cargo. Currently offering air services to/from circa 40 locations in the UK, EU and the USA, the airport recorded total passengers figures of 3.1m in 2008.

The Open Skies agreement between the US and the EU is significant for transatlantic services at Shannon as there is no longer a requirement for airlines to serve both Dublin and Shannon. However, four airlines continue to service the transatlantic route through Shannon. The 2006 Mid West Tourism and Economic Development Plan outlines a 5 year action plan for supporting Shannon International Airport in achieving a successful outcome with the introduction of 'Open Skies'⁶⁷. A Tourism Promotional Fund of €44m and a route support fund of €9m for existing and new services over a 5 year period were sought under the plan in order to develop Shannon Airport and the Mid West Region. However, the €3m that has been provided per annum since 2008 has actually become part of a generic West of Ireland campaign and this funding has been spread across the entire West of Ireland from Donegal to Kerry/West Cork, even though the most significant Open Skies impact was on Shannon Airport and the Mid West Region. A dedicated and ring fenced marketing and route support fund is critical in order for the full potential of Shannon Airport and the Mid West Region to be realised.

From July 2009, Shannon will be the first airport in Europe to offer full pre-clearance facilities (full CBP - Customs & Border Protection) to US bound passengers. After full clearance is completed at Shannon, US bound passengers will have uninterrupted passage through US airports on arrival from Shannon and airlines can fly into smaller, less congested airports across the US.

On March 11th, 2009 Lynx Group, a global airport cargo facility company, and Shannon Airport signed a Memorandum of Understanding for the purpose of jointly developing a major international logistics hub and business facility at Shannon Airport. The agreement is a significant step towards the delivery of a state-of-the-art international cargo facility at Shannon Airport. Phase 1 of the planned cargo port will include aircraft parking configurations, an adjacent taxiway and access to public roads. Preliminary building specifications for the cargo facility also include clear spans, chilled and freezer storage, air-conditioned offices, heated warehouse space, and automobile parking for office and warehouse.

This facility will act as a catalyst for new manufacturing and logistics investment into the region, and is a unique opportunity to position Shannon Airport as Ireland's key cargo airport. It is vitally important that this facility is advanced as soon as possible. The extension of CBP to include cargo would also considerably strengthen this proposition for Shannon.

⁶⁷ The working group consisted of the Mid West Regional Authority who prepared the report, Shannon Airport, Shannon Development, IBEC, Department of Transport, Clare County Council, Limerick County Council, Limerick City Council, North Tipperary County Council, Tourism Ireland, SIGNAL, BIWI, Shannon Chamber of Commerce, American Chamber of Commerce, and Western Regions Tourism.

Critical requirements for airport growth are:

1. That the potential offered by the Lynx cargo facility to start the logistics hub is realised to initiate the development of a major logistics hub at Shannon Airport.
2. That the opportunities afforded by the introduction of CBP from summer 2009 are fully explored and pursued vigorously (commercial/corporate/cargo; aviation related services, US/EU Conference/Headquarters etc) with all relevant regional and national bodies providing full support.
3. A marketing strategy for Shannon Airport supported by a dedicated and ring fenced marketing fund. This budget will have two specific and measurable goals; to promote Shannon as an entry point to regional airports in the US and to promote new routes into Shannon for an 18 month period.
4. Pending full separation from Dublin Airport Authority (DAA), Shannon Airport needs to operate with increased executive autonomy to maximise its potential and its development impact on the region.
5. Continued investment from the DAA for infrastructure, and that the 5 year investment programme for the airport is carried out fully to capture growth potential and develop airport operations.
6. The continued 24/7 facility at Shannon Airport is required for the operation of CBP and the Lynx cargo facility.
7. The urgent completion of the key roads accessing the airport and contributing to extending the catchment area of the airport as outlined in section 5.1.1.
8. The potential to increase connectivity from Shannon to key hubs.

5.1.3 Rail

The Mid West is served by rail services to Dublin and Cork from Limerick. Improvements in the national and regional rail network have resulted in improved frequencies and rolling stock on these lines. Internal regional services also provide linkages between Limerick and Ennis and Nenagh. As part of Transport 21, completion of phase one of the Western Rail Corridor linking Ennis with Athenry is scheduled for completion in 2009. This linkage will be extremely beneficial to the development of the linkage between the two Gateways of Limerick/Shannon and Galway for business and tourism/leisure.

5.1.4 Port

A healthy maritime sector is key to the region's competitiveness given that 98 per cent of international trade is facilitated by seaports. A large proportion of Ireland's bulk imports and bulk exports pass through the region's ports, and their success is vital to the growth of the Mid West Region's economy.

Funding is critical to the future development of the port facilities. In the Task Force's second report the realisation of the full potential of the Shannon Estuary ports will be examined in further detail.

5.2 Energy

The wider region is well served by power stations at Ardnacrusha, Tarbert, Moneypoint and Tynagh. A gas transmission pipeline also runs from Galway to Limerick.

Eirgrid, the national body responsible for the management of the electricity transmission network, has planned a number of key investments in the Region in upgraded transmission networks and upgrades to networks supplying Ennis and Limerick. These investments will provide for substantial increases in electricity demand into the future in the Region and will allow for renewable resources from both wind and wave generated in the region to feed into the National Electricity Grid.

At Ballylongford in Co. Kerry, Shannon Development promoted a key site for investment by a facility which could benefit from the deep water access of the Shannon Estuary. Shannon LNG, a subsidiary of the Hess Corporation a major energy company, has now received planning permission for a major investment in a liquid natural gas importation facility at the site. At full operation this project could secure more than 60% of Ireland's natural gas requirements.

*'The Smart Economy is a 'Green Economy' in that it recognises the inter-related challenges of climate change and energy security.'*⁶⁸

The Shannon Region, and particularly the Shannon Estuary, offers great potential for the development of alternative/renewable energy projects with its proven track record in the development of the manufacturing sector and jobs and investment in related industries.

5.2.1 The Shannon Energy Valley

Energy is a critical current economic and social issue. Harnessing new ideas for alternative energy projects and dealing with issues, such as carbon alternatives and carbon capture, are areas that need to be at the forefront of current economic development thinking and planning.

The University of Limerick, Shannon Development, National University of Ireland, Galway, Irish Technology Leaders Group (ITLG) in consultation with the local authorities and industry in the region, during 2008/2009, are developing a plan for a 'Shannon Energy Valley'. The Energy Valley will provide a National Hub for Energy R&D, Industry and Commerce which will attract mobile international investment and generate high end employment.

The plan will assist in driving the long term competitiveness and sustainability of the region's electricity generation requirements. Being at the forefront of international research in this area will, together with state agency support, drive the creation of start-up companies. Furthermore, through focusing education and infrastructural supports on this sector, a compelling case can be presented in conjunction with appropriate incentivisation (tax corridor around the Estuary) to attract mobile international investment as well as demonstrator level projects.

⁶⁸ Building Ireland's Smart Economy - a Framework for Sustainable Economic Renewal, Government of Ireland, 2008.

5.3 Telecommunications

High quality, accessible, low-cost broadband is a critical element in the emergence of the knowledge economy⁶⁹. While there has been some development in this area, there is still much to be done. Having the Metropolitan Area Networks (MANs) in place is not of itself sufficient if the cost of accessing the services it distributes is excessive. In addition, in some places the links from the MANs to the individual user are poor and the cost of providing them is excessive.

The Government's National Broadband Scheme means that 3's "mobile broadband" 3G offering will be available to the majority of locations by September 2010. This service is generally accepted as a low speed alternative to fixed wireless or fibre based high speed broadband. This service could be significantly delivered through the MANs in key towns throughout the region and provide a useable service for basic applications such as email and web browsing.

The rollout of broadband infrastructure has potential to create significant jobs in the short term, for example in 2008 over 200 civil engineering staff were engaged through Shannon Broadband in rolling out 8 MANs throughout the region. Furthermore, there is the potential to rollout a re-training programme and apprenticeship type scheme for the unemployed, similar to what has been done in Sweden. This can link directly to the Limerick Regeneration Project thereby upskilling the unemployed and progressing critical infrastructure rollout at the same time and at minimum cost⁷⁰.

Improvements are required in the Mid West Region to enable companies and individuals to fully realise the opportunities offered by the Smart Economy. These include:

1. Direct international connectivity and competitive backhaul costs to Dublin.
2. Next Generation Network (NGN) infrastructure and joined up planning.
3. The installation of MANs in Shannon, Ennis and Thurles

Key issues are:

- Availability of high-quality, affordable broadband services to businesses.
- The development of next generation telecommunication systems in the region. This is an area that the Task Force will again be examining in further detail in the next report.
- Continued investment in Broadband and in particular accelerated investment in next generation broadband infrastructure is seen as crucial to underpinning the Smart Economy and to enable Irish companies compete globally. This is recognised at a European Level⁷¹ and at a national level with the Minister for Communications, Energy and Natural Resources recently commenting that the development of a national telecommunications infrastructure is central to future economic and social development. It is believed that in the current economic environment, public intervention is crucial in order to address critical deficits in regions such as the Mid West.

⁶⁹ Broadband in the Shannon Region is promoted in the region by "Shannon Broadband", a consortium of Shannon Development and Limerick City & County, Clare, North Tipperary and Offaly County Councils, in association with the Mid West Regional Authority.

⁷⁰ Stefan Gistvik of Fiberson AB (2009). "Broadband and the Smart Economy". Presentation to Shannon Development on 23 February.

⁷¹ "A European Economic Recovery Plan", EU Commission, 2008

5.4 Environmental Services

Water, waste water and waste management remain critical infrastructural requirements. It is vital that adequate resources are made available to ensure that developments can take place at the locations and on a scale that is necessary and envisaged by the NSS. Such provision must also be such that it offers no environmental threat particularly to Natura 2000 sites. Ireland faces severe penalties in the future from the failure to bring such infrastructure up to EU requirements. It would be better to invest in these utilities now rather than pay significant penalties in the future.

Accelerating Infrastructure – Key Recommendations

World class infrastructure is critical to support enterprise and success in export-led growth.

The Task Force Recommends:

- That priority should be given to the N18, N20, Adare Bypass, Foynes Port Link and the Northern Ring Road.
- That Shannon Airport be enabled to realise its full potential as a driver of regional growth by being developed as a major freight hub.
- That a dedicated and ring fenced marketing fund for Shannon Airport should be established to support and enhance the marketing strategy.
- That the Department of Communications, Energy and Natural Resources provides immediate installation of MANs in Shannon, Ennis and Thurles, and pilots a Next Generation Network in Shannon.
- That the region is not disadvantaged on backhaul prices with Dublin.

Chapter 6

Education & Training

Chapter 6: Education & Training

‘..ensure the creation of high quality, well-paid employment which lasts through any future upturns and downturns in the global economy’ (Building Ireland’s Smart Economy, Government of Ireland 2008).

High quality, well-paid sustainable employment is a key national objective. To pursue this objective Ireland must have a highly educated, skilled work force. The National Skills Strategy has set ambitious targets for upgrading the qualification levels of the Irish workforce to levels 6 and upwards on the National Framework of Qualifications (NFQ).

In Chapter 2, the focus was on the measures to reduce unemployment. This chapter deals with the development of a highly skilled workforce in the Mid West Region. In the medium term, the region can play its full part in national recovery with such a workforce, along with the adoption of the other initiatives recommended and a sustained investment programme. In the short term, people, particularly young people, are empowered to equip themselves to enjoy challenging, fulfilling work in the future.

The Task Force strongly recommends that those in education should plan to remain there for the immediate future, where possible, with a view to equipping themselves with the best possible qualifications to be successful in a Smart Economy.

6.1. Barriers to Accessing Education & Training

If a highly skilled workforce is a key objective, then information and easy accessibility for those currently outside the educational system is critical to enable and encourage people to take up further education and skills training.

- The Back to Education Allowance (BTEA) encourages a return to education. In the April 2009 Budget, access to the BTEA (Second Level Option) was reduced from 6 months to 3 months and access to the BTEA (Third Level Option) from 12 months to 9 months. These access periods are still too long and the Task Force believes that they should be reduced and/or flexibility exercised.
- The first key requirement is a contact point, or ‘one stop shop’ for educational guidance, where it is easy to get information, guidance, advice and a referral to the right pathways to further education/upskilling for the individual concerned. FÁS provides this type of service for career and labour market guidance through its network of employment services offices of which there are seven in Mid West Region. A system must be in place to ensure all the newly unemployed are aware of the services provided by FÁS. Tus Nua is a positive addition as it provides a facility for people to register their interest in further education, individual colleges respond to the enquirer.
- Current practice in the third level sector sets starting times for various programmes. The colleges should review their schedules in order to facilitate student entry at staggered times during the year. This has advantages for potential students in that they would not have to wait for a single entry time each year (normally September for undergraduate programmes) and for the colleges in maximising the use of resources.

- Colleges require more discretion in the allocation and management of funding to enable them to respond flexibly to the current needs of those who may stay on in education.

6.2. FÁS and the Vocational Education Committees (VECs)

FÁS and the VECs provide the most immediate responses and the greater percentage of courses targeted at those with poor educational and/or skill levels and the unemployed. FÁS and the VECs are in the process of agreeing an MOU to ensure effective collaboration, targeted and integrated responses and the avoidance of duplication in the provision of service nationally. At regional level FÁS and the four VECs in the region hold regular meetings in relation to the planning and deployment of services and resources.

The challenge for FÁS, and other service providers in the Mid West, is how to deal with the huge increase in demand for services.

6.2.1. FÁS

FÁS, the National Employment and Training Authority, provides a range of labour market services and programmes to unemployed jobseekers and to persons in employment. It provides training programmes through its training centres in Raheen, Limerick and Shannon, Co. Clare, with an additional centre in Southill/Ballinacurra within the Limerick City Regeneration area. FÁS provides outreach training programmes on a contractual basis through the private and voluntary/community sector. Their training programmes fall within the National Qualifications Framework under FETAC.

FÁS provides Employment Advice and Guidance Services through its network of Employment Offices within the region – Limerick City, County Limerick, Raheen, Newcastle West, Clare, Ennis, Shannon, Nenagh and Thurles in Co. Tipperary.

FÁS has identified key priority groups in its response:

- Short-term unemployed persons
- Youth unemployment (15 – 18 years) (Limerick City Regeneration)
- Unemployed people with low qualifications
- Workers on short-time

FÁS is adopting a number of strategic actions which include:

- **Partnership Approach with other state agencies** in the provision of training programmes where this optimises the provision for the learner e.g. partnership with the VECs in the Mid West in the planning and delivery of programmes. This maximises efficiencies, avoids duplication and provides better choice to the learner.
- **Joint Training Initiatives with businesses** with potential for growth, in the development of new programmes and qualifications, (e.g. Medical Devices Automation Traineeship, FETAC Level 5).
- **Streamlining labour market services in the region** - regional planning with IDA, Enterprise Ireland and Shannon Development.

FÁS in the Mid West Region has provided us with the following programmes to help the unemployed and those on short time:

1. Services to Job Seekers:

➤ Employment Services Advice and Guidance Services:

Services will be provided to 15,000 walk in requests in all FÁS offices in 2009 and 7,500 Employment Action Plan (EAP referrals) referred from DSFA (Live Register) in the region.

➤ Community Based Schemes and Programmes

Through the local community and the voluntary sector, FÁS is providing training and work experience to approximately 6,000 job seekers who experience particular disadvantage and are most distant from the labour market. An additional 300 places are sought for Community Employment Schemes and an additional 100 places for Local Training Initiatives in order to meet the increased demand for such programmes

2. Training Programmes:

Modular, Flexible, Training Provision. Over 10,000 short-term unemployed job-seekers are expected to avail of training programmes in 2009 in the region.

Special Training Initiatives: Training for Future Employment.

FÁS, in partnership with the private sector, will run new joint training initiatives for job seekers in sectors which can offer future growth potential for employment e.g. medical devices, financial services. An additional 100 places per annum is sought to address the need for re-training of redundant workers.

Programmes for Limerick City Regeneration:

These are tailor-made training programmes for the young unemployed (early school leavers) from the Regeneration areas in Limerick City. These programmes involve a multi-agency response (FÁS, VEC, Regeneration Agencies) to educational and training needs. It is recommended that this model is extended and that similar centres are put in place in Moyross and St. Mary's Park with +80 additional places per annum.

Work Placement Programme/Internships:

This new initiative, announced in the April 2009 Budget, will enable companies in the private sector to take on job seekers on block placement for up to 6 months. Both 3rd level graduates and job-seekers with qualifications but who lack work experience can participate. Approximately 150 places are assigned for the Mid West Region over the next year.

Programme for Redundant Apprentices

With over 300 redundant apprentices in the region and the expectation that this figure will continue to increase, it is recommended to extend the Rotation Programme for Redundant Construction Apprentices to other apprenticeships i.e. motor mechanics and construction plant fitting. A further recommendation is to increase the number of places available to the Mid West Region to 100 places from the current 58 places.

3. Training to sustain Existing Employment:

Short Time Working Training Programme

This pilot programme, announced in the April 2009 Budget, provides two days training a week for workers over a 52 week period during which they will continue to receive social welfare payments in respect of the two days training. 277 places were allocated to this programme nationally, this needs to be reviewed urgently in light of the significant potential demand for such a programme.

Full time Work based scheme.

There is a need for a full-time work based scheme, similar to the Job Initiative Programme, whereby persons unemployed for one year or more could work on a full-time basis on community or voluntary projects. The Local Authorities have identified up to 800 work placements on such a scheme if it were to be introduced.

The Task Force is of the opinion that, with the numbers coming onto the Live Register, the number of places in all the above schemes is not nearly adequate to meet demand and so must be further increased.

6.2.2 VECs

The VECs in the Mid West (MW-VEC) are the Local Education Authority bodies in County Clare, Limerick City, County Limerick and North Tipperary. In response to the increasing numbers of unemployed people in the Mid West Region, the VECs in the region have established a collaborative and cohesive sectoral network to provide an educational response to this challenge.

Currently VECs deliver a number of adult education services including:

- **Adult Education Guidance Initiative**

The AEGI provides impartial information, advice and guidance to adults at key transition points, providing pre-entry guidance, ongoing learning support, pre and post exit guidance and advice.

- **Back to Education Initiative**

The overall aim of the BTEI is to increase the participation of young people and adults with less than upper second level education in a range of flexible learning opportunities.

- **Adult Literacy**

Adult Literacy Programmes offer one to one and group tuition for learners, wishing to improve their skills in reading, writing, spelling and basic maths. Learners operate in small groups and experience programmes that enable progression to levels 4-5.

- **Post Leaving Certificate Courses**

The Further Education Colleges in the Mid West provide full time courses which offer re-skilling and up-skilling leading to new employment opportunities.

- **Workplace Basic Education**

Workplace education and training programmes provide education and training opportunities to improve skills, increase employment security and improve mobility especially for those in vulnerable employment situations.

➤ **Vocational Training Opportunities Scheme**

VTOS is a two-year full time education programme that enables unemployed adults return to education and training and retain their Social Welfare entitlements

The VECs have identified services and programmes that will provide a response to an extra 10,569 people in addition to the 16,916 to whom they already respond.

Of the 23,435 additional places announced in the April Budget 2009⁷², 1,500 of those are for the VEC sector for Post Leaving Certificate Courses (PLCs). 245 of the 1,500 places have been allocated to the Mid West whereas the MW-VECs have indicated that they could provide an additional 750 PLC places in the Mid West Region (see Table 3).

Apart from PLCs and Education Guidance, the Mid West VECs have also asked for a total of 5,319 additional places – along with the matching additional resources to meet other Second Chance Education and Training needs. To date, no provision has been made for these.

The proposed allocation of the 245 PLC places makes little impact on the role education can make to helping the unemployed in the Mid West.

The Mid West VECs are partners in the Application for EU Globalisation Funds and have submitted a proposal to provide part-time programmes for 325 redundant DELL workers.

6.3 Third Level Sector

The Mid West region is well served in terms of access to higher education, with the University of Limerick (UL), Limerick Institute of Technology (LIT), Mary Immaculate College (MIC) and the Tipperary Institute.

The coordination and collaboration between the main education providers is a key strength of the region. Whilst a number of informal agreements were in place prior to 2006, a formal arrangement between the UL, LIT, MIC and Institute Technology Tralee (ITT) came into place then with the establishment of the *Shannon Consortium*. This Consortium has received significant funding under the Higher Education Authority's (HEA) Strategic Innovation Fund. Addressing education and inequality through a number of Access programmes is a key tenet of the consortium's activities as well as collaborating in widening access. There are also teaching and learning innovations and training programmes for post graduate students.

Access Teams have been put in place in each of the 3rd level colleges. All colleges have a number of student support services. These colleges also have significant interactions with the external community from a social, cultural, business and industrial perspective.

The Task Force considers that the coordination of education and training is essential. The utilisation of the NFQ is a major strength allowing individuals to progress from low to high levels of educational attainment in a seamless way. This system allows people to move through the VEC type courses (in a flexible manner) through to further education in

⁷² See Appendix 3 for further information.

arts/humanities via MIC/UL and sciences/engineering/enterprise through LIT/UL. Training and skills based education are then overseen by FÁS/LIT.

As such the resources, mechanisms of transfer, recognition of prior learning and recognition of qualifications are all in place.

The 3rd level colleges have sought an additional 500 places across all 3rd level institutions (including Tralee IT) as part of the submission to the European Globalisation Fund (EGF). In accordance with the EGF criteria programmes will be geared towards improving employability prospects.

Should the EGF submission be successful, there are two key constraints which would hamper the potential impact:

1. The maximum timeframe of the interventions (2 years), which precludes student progression to level 8.
2. The inequity created by targeting Dell and downstream companies only, whereas there are redundancies happening right across the economy.

An enhancement of the EGF would be welcomed so that these shortcomings can be met.

6.4 Tus Nua

In late 2008, UL and LIT combined with EI and FÁS to form An Tus Nua. This is an integrated approach to offer relevant opportunities in education, training and enterprise support to the unemployed. The VECs and IDA Ireland are also now part of this group.

Through a new web portal⁷³, information events, and by redirecting the resources of the partners, An Tus Nua seeks to create the right environment for people faced with job loss. Employability and new enterprise creation are the ultimate goals. An Tus Nua represents a key step forward in the coordination of education and training in particular and offers access to enterprise opportunities in a single coordinated approach. It offers potential for a seamless progression through the NFQ and, as such, is an example of the 'joined up' thinking that has been identified as necessary at national level.

⁷³ <http://www.tusnua.ie/>

Table 3: Mid West VECs: Template for Learning Opportunities in the Mid West to meet challenges of growing unemployment.

Programme Title	Duration	Relevant Target Group	Current Capacity (Mid West)	Additional Resources Required	Additional Capacity Dependant on Resources	New Total Capacity	Outcomes
Guidance Service		Recently unemployed	6090	€440,000	4500	10590	Guidance provision, profiling, signposting, learning progression and support.
Adult Literacy and Community Education	Part time	Unemployed Adults with literacy or numeracy difficulties	5106	€1,020,000	2000 - 10 per class group, 60 hour modules x 200.	7106	National Framework of Qualifications (NFQ) level 1-3
Back to Education Initiative (BTEI)	Part time	Newly unemployed with below upper secondary level education (Junior Cert or below)	2525	€1,060,800	2500 - 12 per class group, 60 hour modules x 208	5025	National Framework of Qualifications (NFQ) level 3 - 6
Vocational Training Opportunities Scheme (VTOS)	Full time	Unemployed adults (21+) in receipt of Social Welfare payment (30 hrs per week x 43 weeks x 2 yrs)	525	€1,214,673 (provider costs). €2,401,800 (inclusive of student allowances)	150 (cost per head is €8,000 excluding allowances).	675	National Framework of Qualifications (NFQ) level 3-6
Post Leaving Certificate Courses (PLC)	Full time	School leavers, Adult returners, students progressing from BTEI, VTOS and other programmes. (28hrs per week x 33.4 weeks x 1 or 2 yrs)	2001	€3,002,647 - approximate cost is €4000 per student per annum.	750	2751	National Framework of Qualifications (NFQ) level 5-6
Workplace Learning	Part time	Low skilled workers currently in employment	669	€120,000	669	1338	National Framework of Qualifications (NFQ) level 1-6

Education and Training – Key Recommendations

- Those in education should plan to remain there for the immediate future where possible with a view to equipping themselves with the best possible qualifications to be successful in a Smart Economy.
- Significant additional places on both FÁS and VEC courses must be provided to meet the growing numbers of people who need access to their services.
- The Mid West VECs require additional resources to run part-time programmes (level 2-6) and education guidance.
- It will be necessary that adequate resources are made available in order to respond fully to the needs of the Mid West Region.
- The collaboration between the 3rd level colleges in the region needs to be further developed and strengthened to ensure flexible responses to the current situation and the efficient utilisation of all facilities and resources.
- The time frame for qualification for the Back to Education allowance, for 3rd level options, should be reduced to 3 months bringing it in line with the 2nd level option, to enable people to move quickly to education from employment.
- Need to consider more flexible arrangements regarding part time work and education.
- An Tus Nua, an innovative regional collaboration, should be viewed as a national pilot initiative with potential national application and, as such, reviewed for widespread roll out across all regions.

Chapter 7

Enterprise

Chapter 7: ENTERPRISE

7.1 Background

The national framework for enterprise development is the Government's policy on "Building Ireland's Smart Economy" (2008). The Smart Economy combines the successful elements of the enterprise economy and the innovation or 'ideas' economy while promoting a high-quality environment, social cohesion and improving energy security. A key feature of this approach is building the innovation or 'ideas' component of the economy through the utilisation of human capital - the knowledge, skills and creativity of people - and its ability and effectiveness in translating ideas into valuable processes, products and services. The Smart Economy has, at its core, an exemplary research, innovation and commercialisation ecosystem. The objective is to make Ireland an innovation and commercialisation hub in Europe – a country that combines the features of an attractive home for innovative R&D intensive multinationals while also being a highly attractive incubation environment for the best entrepreneurs in Europe and beyond. However, each activity across the value chain will be undertaken by companies in those locations in which it makes most strategic or economic sense to locate the activity.

The enterprise system in the Mid West has several distinctive features. The traditional manufacturing sector in the region is likely to continue to shrink in employment terms as the sector continues to evolve with new, more technologically advanced, business models. The Mid West Region has a higher proportion of its workforce employed in the manufacturing sector than any other region in the country. The corollary of this is that the services sector in the region, though growing, represents a smaller proportion of the region's economic activity than is the case nationally. ICT dominates the region's internationally traded activity, and is in turn dominated by multinational corporations. The services component of ICT activity has grown notably. A world class supply chain management expertise has developed in this region and there has been positive growth in the medical technologies sector whilst internationally traded services have also grown in importance.

Companies are currently experiencing significant difficulties of which the global market reduction, the credit crunch, overall competitiveness issues and sterling differential are key. In addition, many companies in this region are suffering from the business lost on foot of the withdrawal of Dell manufacturing from Limerick. Economic recovery will be led by growth in exports of goods and services so a key priority issue must be a focus on restoration of competitiveness to enable a resumption of growth in exports.

7.2 Development Agencies

The Development Agencies work with c.700 indigenous and Foreign Direct Investment (FDI) companies who employ c.32,000 people in the Mid West Region. Key FDI sectors are Life Sciences, ICT and international financial services with a strong indigenous base of engineering, electronics, food and service related companies.

A number of State agencies provide support to enterprises in the Mid West Region. IDA Ireland, Enterprise Ireland and Shannon Development are charged with the responsibility for driving business development in the wider region. IDA Ireland is responsible for the attraction of FDI to

the region and also for the ongoing development of the overseas companies already here. It is now imperative that the Mid West Region be a priority region for delivery for IDA Ireland. In the first instance, more itineraries need to be directed to the Mid West Region. The IDA should report regularly to the Task Force on its success in attracting inward investment.

Enterprise Ireland is responsible for the development of the indigenous manufacturing and internationally traded services sector throughout the region. The recent announcement of the Enterprise Stabilisation Fund⁷⁴ is welcome. In addition to this Fund, Enterprise Ireland offers a wide range of support programmes to indigenous enterprises, including support with new business start-ups, business plans, finance, ebusiness and advice on exporting. The availability of the support programmes offered needs to be fully communicated to enterprises.

The County Enterprise Boards (CEBs) deal with companies that employ 10 people or less, while EI currently deals with companies that employ 20+ people or with evident high potential. There is a gap in terms of support for companies that employ 11 people or more, who have not demonstrated export potential, which needs to be addressed.

Access to credit is a vital issue for enterprises. Funding from the banks for the SME sector is promised, and it is important that this is made available to enterprises on reasonable commercial terms. Indigenous industries will be key to economic recovery and to support their development the Task Force recommends that an adequately resourced and managed regional venture capital fund should be established.

Shannon Development is responsible for the development of all companies on the Shannon Free Zone, regardless of ownership, and collaborates with Enterprise Ireland and IDA Ireland in delivering on its mandate. Shannon Development is also charged with responsibility for providing property solutions to enterprises throughout the region.

The County Enterprise Boards' statutory function is to stimulate economic and entrepreneurial activity at city and county level and to develop local indigenous enterprise potential in the micro-business sector. Local Development Companies manage rural development and social inclusion programmes.

7.3 Regional Aid

Since January 2009, the aid rates which can be made available to qualifying companies in the Mid West Region are considerably below the aid rates available in the Border, Midlands and West Regions, making the attraction of investment here more difficult (for example - from 2009 *no* aid may be awarded for investment projects with eligible expenditure exceeding €25 million in the Mid West). In these exceptional circumstances, the Task Force requests a temporary derogation from these rules be sought to permit support levels for Raheen Business Park, the National Technology Park and Shannon Free Zone consistent with the Borders, Midlands and West rates.

⁷⁴ The Enterprise Stabilisation Fund was established to provide targeted support to indigenous companies to assist them in sustaining and developing their businesses currently. The Fund will have a total budget of €100 million over 2 years. The Fund is administered by Enterprise Ireland. Particular attention will be paid to small and medium sized enterprises engaged in exporting.

7.4 Agencies Interaction

The Task Force intends to meet regularly with the three agencies, IDA, Enterprise Ireland and Shannon Development, to ensure that the region gets priority for what is required to solve the unemployment crisis.

The next report will consider how all the agencies charged with job creation work together, the current arrangements that exist between them and the potential for deeper collaboration in order to ensure better services to enterprises. The overriding concern is that the existing companies in the Mid West Region, and potential new companies, receive an effective and efficient service from the State. The majority of the Task Force's view is that the agencies will have to have a more focused approach if they are to make an impact on employment in the Mid West during the current world recession.

7.5 Strategic Site

The Mid West is presently served by business parks in the Shannon Free Zone, at the National Technology Park (NTP) Limerick, at Raheen, Ennis and Tipperary. Shannon Development owns 70 unserviced acres within the NTP and it is now an urgent priority for Government to commit €15m to provide the enabling infrastructure to attract bio medical/bio pharma industries to this dedicated location.

7.6 Regional Planning and Delivery

The current economic downturn poses a challenge which can only be addressed by "whole of Government thinking" responses to the issues that arise. Currently there are a multitude of local plans and strategies; all adopted at different times, and all with differing goals and time scales in place (23 plans). There is an urgent need to stand back, and to take a more strategic view on what is happening, in the region with a particular focus on the gateway and hub.

Enterprise – Key Requirements

Cost competitiveness, labour force development, and infrastructure, which are key requirements for enterprise, are dealt with in detail in other chapters of this report. In addition to these there are a number of critical requirements to sustain and grow the enterprise base including:

- *Manufacturing* – a transformational change focusing on innovation, increased productivity, continuous learning, flexibility and adaptability in order to sustain manufacturing while cost competitiveness issues are addressed over the coming years.
- *Sectoral Development* – This is an area that will be explored in the Task Force's next report. Sectors that will receive attention are those that have longevity; these could include building on existing regional sectoral strengths such as the strong medical devices and ICT sectors. The Task Force will also investigate the potential for new sectors in the region, most notably energy as the region would appear to have a

comparative advantage in this area which could be exploited to develop a range of related enterprises⁷⁵.

- *Innovation/Technology/R&D*- need to intensify the promotion of R&D in manufacturing and services sectors, support longer term R&D projects, enhanced promotion of industry led research and examine new innovation collaborative models and network into the enterprise base.
- *Regional Entrepreneurship* - opportunity to identify and nurture potential entrepreneurs; greater collaboration between Agencies and development partners to identify and support early stage entrepreneurship.
- *National & Regional Development Agency Support* – the extensive suite of products, knowledge/market intelligence, overseas offices/networks, business and supply channels should be maximised to benefit the region's enterprise base.
- *Export credit insurance* – This is an important issue for exporters and needs to be reviewed.

⁷⁵ Chapter 5 addresses Energy potential in the Mid West Region

Enterprise – Key Recommendations

Over the next few months the Task Force will review enterprise as a key element of the next report, and will meet the Development agencies frequently.

Task Force Recommendations:

Recommendations centre on specific actions/initiatives to sustain and grow the regions enterprise base:

- The Mid West Region needs to be a priority region for delivery for IDA Ireland. In the first instance, more itineraries need to be directed to the Mid West Region. More importantly however, it is critical that projects, both new and expansions of existing projects, are delivered in the region.
- The Task Force will meet regularly with the three agencies, IDA, Enterprise Ireland and Shannon Development, to ensure that the region gets priority for what is required to solve the unemployment crisis.
- The IDA should set up a Mid West response unit and report regularly to the Task Force on its success in attracting inward investment.
- The Task Force will carry out an all agency review to ensure enterprises in the Mid West Region receive an effective, client centred service from the State. The Task Force will be advising on this in the next report.
- It is imperative that costs are reduced at both national and regional levels to support enterprises in competing successfully in the global marketplace.
- Access to credit is a vital issue for enterprises. Funding from the banks for the SME sector is promised, and it is important that this is made available to enterprises on reasonable commercial terms.
- To support enterprise development a regional venture capital fund should be established with adequate funds and professional management.
- Regional Aid map (Objective 1) derogation to permit support levels for Raheen Business Park, the National Technology Park and Shannon Free Zone should be sought consistent with the Borders, Midlands and West area designation
- CEBs deal with companies employing 10 or less people. There is currently a gap in terms of support for companies employing 11 people or more, who have not demonstrated export potential, which needs to be addressed.

Chapter 8

Tourism

Chapter 8: Tourism

8.1 Background

The Government's National Development Plan 2007-2013 highlights tourism as an important indigenous industry, which significantly contributes to the national economy. As outlined in the most recent NDP

“the industry possesses the capacity and the capital stock to achieve further growth in the future and to help promote regional development at a time when many indigenous sectors face major structural and trading difficulties.”

The tourism industry is a significant contributor to the Mid West Region. There are approximately 1,000 tourism firms in the Shannon Region employing 25,000 persons across a range of sectors from accommodation to day visitor attractions. This is a very significant cohort of the regional economy when the industrial development agencies are working with c.700 indigenous/ international firms who employ 32,000 people. Many of these tourism firms employ large numbers and are under tremendous pressure to maintain employment and remain in business.

Shannon Development holds the mandate for tourism in the region. The Company's primary role is to initiate and support tourism development as a key element in the achievement of overall economic growth throughout the Shannon Region. The company's work is complementary to that of Fáilte Ireland and Tourism Ireland which are responsible for actively marketing and promoting Ireland as a whole to overseas visitors. The Shannon Region Tourism Board, which was established in 2006, advises Shannon Development on the preparation and implementation of the strategic tourism plan for the Shannon Region.

Over the past 20 years Shannon Development, as part of its tourism product development activities, has invested €54m in grant-aid to support 200+ projects in this sector. This has led to direct investment of €307m and an overall investment of €614m and the creation of 5,000 jobs.

In 2008, the region attracted close to 2 million overseas and domestic visitors who generated €528.8 million in revenue for the regional economy. Growth in visitor numbers continued in the first half of 2008 with a significant decline in the second half of the year. As a result visitor numbers to the Shannon Region decreased by close to 3 per cent in 2008. Shannon International Airport is a critical part of the Region's tourism infrastructure. In 2008, the Airport handled just over 3.1 million passengers and provided scheduled and charter flights to more than 40 destinations.

The tourism sector is an excellent barometer of the health of an economic system as it is a sector that is one of the first to be challenged by economic cycles, but is also the first to generate 'green shoots' in an up-turn. In addition, it is more likely to generate varied employment opportunities than other sectors that would appeal to a diverse skills base. Securing and developing tourism enterprises can have the potential to sustain and create jobs in the short to medium term which is what the Mid West economy now requires.

Despite the current economic climate and changing consumer trends, tourism has and will continue to play a vital role in the economic development of the Mid West Region. The full potential of the region can only be realised if the tourism sector is a key element of future development strategies.

8.2 Tourism - Key Requirements.

The following are critical requirements for tourism to remain a significant contributor to Mid West regional economic growth.

- **Cost Competitiveness** - Whilst a number of areas have decreased costs and offer better value to tourists, for example hotel rooms, ancillary services need to be reviewed for their impact on the total tourism experience. The Mid West Region must remain cost competitive for tourists across all areas including food, golf etc. Moreover labour costs are high in the tourism industry and contribute towards a large proportion of operational costs for tourism businesses. In order for the tourism industry to become competitive again the price of the product offering must be reduced and therefore the cost base has to come down.
- **Tourism Product** – The quality of the Mid West Region's product is vital for market competitiveness. Key destination influencing projects are critical to Limerick and the wider region (e.g. events/conference centre) in continuing to attract visitors. The development of Limerick and its environs as a strong tourism urban base which will utilise and anchor the region is critical.
- **Access** – Effective international air access is critical to bring in significant overseas visitors.
- **Marketing** – This is an essential activity which provides the link between the Mid West Region's tourism products and potential customers in target markets at home and overseas.
- **Innovation** – Innovation in marketing and tourism product development is increasingly a key element for competitiveness.
- **Development** - Support to tourism enterprises to be effective, efficient businesses through education and training.
- **Additional Funding** – Shannon Development has responsibility for promoting tourism in the region. It has to generate the financial resources required through its property related activities to deliver the tourism agenda. Funds earned in this manner should be devoted to capital improvements in the Mid West, and the region's tourism marketing budget should be funded by the Department of Arts, Sport and Tourism similar to other regions in the country.

8.3 Specific Immediate Requirements include:

1. The €250m Temporary Employment Subsidy scheme should be extended to include the tourism industry.
2. A reduction in the order of 20 per cent on all visitor products to make them more affordable for domestic and foreign visitors (where this has not already happened).
3. Significant spend on sales and marketing to encourage the Irish to holiday at home.
4. Shannon Airport should receive greater support in terms of its route development and marketing activities in line with the 2006 Tourism and Economic Development Plan.
5. Enterprise supports for the tourism sector, similar to manufacturing and financial services supports, should be introduced as a regional pilot initiative to assist new and emerging tourism enterprises to create jobs, drive innovation and deliver economic growth.
6. Establish a new Regional Tourism Innovation Centre, between the University of Limerick, Shannon Development and Fáilte Ireland. This would be a pilot initiative in the Shannon Region, and the lessons and the methodology employed could then be applied to other regions of Ireland which would lead to an Ireland Tourism Innovation Index.
7. An extension of the Mid Shannon Tax Corridor Scheme to include Limerick City would bring significant tourism and related economic activity to the city, particularly the Medieval Quarter including Nicholas Street and the link to the Regeneration programme at St. Mary's Park.
8. Tourism Ireland, which is responsible for promoting Ireland internationally, should focus more on sales rather than just marketing.
9. Additional funding must be allocated to Fáilte Ireland and Tourism Irelands' budgets should be rebalanced towards promoting the domestic market and encouraging people to holiday at home.
10. Under the 2006 Tourism and Economic Development Plan, €53 million of funding was sought for the Mid West Region. Only €6m has been delivered to the West Coast of Ireland since 2008 and the remainder of the funding should be delivered with a renewed focus on Shannon Airport and the Mid West Region.
11. The marketing budget of Shannon Development should be funded directly by the Department of Arts, Sport and Tourism.

Tourism – Key Recommendations

The tourism industry is a significant contributor to the Mid West Region. There are approximately 1,000 tourism firms in the Shannon Region employing 25,000 persons across a range of sectors from accommodation to day visitor attractions often in areas of the region where there is little other economic activity. In 2008, the region attracted close to 2 million overseas and domestic visitors who generated €528.8m in revenue for the regional economy. Growth continued in the first half of 2008 with a significant decline in the second half of the year. As a result visitor numbers to the Shannon Region decreased by close to 3 per cent in 2008. Tourism is a vital sector for the economic development of the Shannon Region and a continued focus on further developing its potential is vital.

The Task Force recommends that:

- The development of Shannon Airport, which is of critical importance for the development of tourism in the Shannon Region, in terms of route development and capacity should receive greater support, including the remainder of funding sought under the Tourism and Economic Development Plan.
- Tourism Ireland and Fáilte Ireland should re-balance budgets, and additional funding should be allocated, towards promoting the domestic market and encouraging people to holiday at home.
- A reduction in costs, as value for money has to be provided.
- The extension of the Mid Shannon Tax Corridor Scheme to include Limerick City.
- Enterprise supports for the tourism industry.
- The establishment of a new Tourism Innovation Centre.
- Shannon Development should receive supplementary funding of €5m for the next 3 years, from the Department of Arts, Sports and Tourism to further drive tourism development and innovation.

APPENDICES

APPENDIX 1

Terms of Reference, Composition and Reporting

Background

The Mid West Region is endowed with considerable resources and has experienced significant development over the past fifty years. However, it also has considerable unrealised potential. In line with the rest of the world, it is now experiencing a downturn in economic activity which is exacerbated by the recent announcement by Dell that it is reducing its workforce by 1,900. This announcement, which has wide ranging negative impacts across the Mid West Region and beyond, makes it imperative that all now work together to agree and deliver a development plan, for consideration by the Government, to ensure that we build on our strengths, address our weaknesses and are strongly positioned to reap the benefits of the economic upswing when it happens.

The Task Force shall:

- Assess the particular impact on the wider regional economy of the decision to close certain parts of the Dell plant in Limerick and associated companies
- Carry out an analysis of the potential impact of the current economic downturn on the Mid West Region
- Carry out an in-depth review and analysis of the economy of the Mid West Region
- Identify the drivers and enablers of development and determine the competitiveness issues pertinent to the Region
- Explore alternative development scenarios and their potential to drive development in the Region
- Examine the role of the Limerick/Shannon Gateway in the development of the Mid West Region and how that can be enhanced
- Develop proposals with a short, medium and long term perspective to ensure that current challenges are addressed and that future potential is realised
- Recommend to Government a development plan for the Mid West Region.

In drawing up the Plan, the Task Force shall:

- Have regard to all relevant plans, projects and actions already available/underway or planned
- Cost all of the proposals in the Plan
- Be cognisant of established national policy on such matters as regional development, tourism and enterprise development

The Task Force shall present an interim report to the Tánaiste within three months of its first meeting and a final report not later than 31 March 2010.

Composition

The Task Force shall comprise the following members:

- Denis Brosnan (Chairperson)
- John Herlihy
- John Fitzgerald
- Martin Cronin
- Roger Downer
- Brian O'Connell
- Anita Higgins
- Ken Sullivan
- Kay McGuinness
- Vincent Cunnane (Chief Executive)

The Task Force shall be assisted by a broadly based stakeholder group, the membership of which shall include:

- Two persons nominated by IBEC
- Two persons nominated by ICTU
- Two persons nominated by Chambers of Commerce in the region
- One person nominated by each of the third level education institutions in the region – University of Limerick, Limerick Institute of Technology and the Tipperary Institute
- The City and County Managers and Regional Authority Director in the region
- The CEOs of the City and County Enterprise Boards in the region
- One nominee of each of the following agencies, Shannon Development, Enterprise Ireland, IDA, FÁS, Fáilte Ireland and Tourism Ireland.
- One nominee of Shannon Airport Authority and Shannon Foynes Port Company

It shall also be open to the Task Force to consult with other individuals and bodies, within and outside the Region, in the development of its Plan as it sees fit.

Secretariat

Vincent Cunnane shall be Chief Executive of the Task Force and will be responsible for providing secretariat and for assembling, from the resources available to the third level institutes in the region, Shannon Development and other regional and national resources, a team with the expertise required to support the Task Force in its work.

APPENDIX 2

List of Formal Presentations made to the Mid West Task Force February to May 2009

Organisation

City & County Enterprise Boards
Clare County Council
Enterprise Ireland
Fáilte Ireland
FÁS
Forfás
IBEC
ICTU
IDA Ireland
Limerick City Council
Limerick County Council
Limerick Institute of Technology
Local Development Companies
Mary Immaculate College
Mid West Chambers of Commerce
Mid West Regional Authority
North Tipperary County Council
Regeneration Agencies
Shannon Airport Authority
Shannon Development
Tipperary Institute
Tourism Ireland
University of Limerick
VECs

APPENDIX 3

April Budget 2009

Annex F: Supporting Those Who Lose Their Jobs

The Departments of Enterprise, Trade & Employment, Education & Science and Social & Family Affairs have agreed a joint approach to activation and have produced a range of measures aimed at maintaining people in employment, re-skilling and facilitating better access to allowances, while avoiding undue negative impacts on vulnerable individuals.

The **Department of Social & Family Affairs** package of six measures relates to the *Back to Work Enterprise Allowance* and *Back to Education Allowance* schemes to facilitate better access to supports which have a gross full year cost of €22.1 million. The cost of these measures in 2009 will be met from within existing resources. The initiatives will facilitate 1,400 additional claims for support.

The **Departments of Enterprise, Trade & Employment** and **Education & Science** have put together some 11 proposals to provide an additional 23,435 places from within existing resources.

The training, education and employment opportunities to be provided are set out below:

Department of Enterprise, Trade & Employment

Community Employment Scheme 400
Training Initiatives Strategy (10-week courses) 12,015
Training Initiatives Strategy (20-week courses) 1,833
Work Experience Scheme 2,000
Pilot Scheme for Short Time Workers 277

Sub-total 16,525

Department of Education & Science

Transition courses 930
Accelerated Certificate Programmes 280
Full-time 3rd level places 2,000
Post Leaving Cert Courses 1,500
Redundant Apprentice IoT Scheme (with D/ETE) 700
Part-time 3rd level places (with D/ETE) 1,500

Sub-total 6,910

Total estimated number 23,435

Costs

The estimated full-year cost of the above measures is approximately **€128 million**, funded from reallocations of funds from within each Department, and broken down as follows:-

Department of Social & Family Affairs – €22.1 million
Department of Enterprise, Trade & Employment – €55.9 million and a further €5.5 million for joint initiatives with Department of Education & Science

Department of Education & Science – €18.85 million in 2009 and €44.35 million in a full year.

