

CHAPTER 4 EMPLOYMENT GENERATION AND ENTERPRISE DEVELOPMENT STRATEGIES

4.1 ANALYSIS OF ECONOMIC PERFORMANCE INDICATORS

1. Major shifts in the pattern of employment

The economy of Donegal has experienced significant changes between the 1996 and 2002 Census and the pattern of these changes are continuing. There were 57,319 people in the Labour force in 2002 compared to 51,166 in 1996. A comparison of employment by sector in 2002 reveals a major shift in the pattern of employment. There was a decline of 29% in the numbers working in agriculture, forestry and fishing. This sector now accounts for 8% of employment compared to 13% in 1996. The numbers working in the manufacturing sector declined by 27% in the same period with this sector now accounting for 15% of employment compared to 23% in 1996. These trends point to the need for plans and strategies to attract new forms of employment to replace jobs in traditional manufacturing, textiles and clothing as well as in agriculture and fishing.

Opportunities in Internationally-Traded Services across a range of sectors as well as higher value-added manufacturing need to be exploited, if the County is to share in the national rate of economic growth. This needs to be a key objective of the Enterprise Development Strategy.

2. High Rate of Unemployment

The unemployment rate was 15.6% in 2002 compared to a national rate of 8.8%. There were 9,079 persons on the live register in October 2004 representing 8.2% of the total population aged 15 years and over compared to 5.03% for the State as a whole. There is a clear need for a Development Objective which targets a reduction in the rate of unemployment to the national average.

3. Levels of Education and Skills in the Labour force

The highest educational attainment for persons aged 15 years and over are shown in the table below with the figures representing the % of persons over 15 years with each level of attainment.

	Primary Education	Secondary Education	Third Level Education	Not Stated	Full Time education not ceased
Donegal	28	40	15	4	14
State	18	41	21	4	15

The figures highlight the need for a return to education and reskilling programmes as part of a strategy to promote lifelong learning. This is another important development objective. The participation rate in third level education has been increasing in recent years. The challenge for our Enterprise Development Strategy is to attract jobs for graduates into the County or to support them in business start-ups/entrepreneurial activity in their chosen field as an objective of the Plan.

4. Dependency on State Transfers

The Percentage of the Population receiving Social Welfare Payments in 2002 was 53.1% compared to 24.7% for the State as a whole. 72,896 persons (51,673 adults and 21,223 children) out of the County's total population

(137,393) are dependent on primary welfare payments and benefits to the value of €339,390,000 approximately per annum. It will be an objective of the Economic Development Strategy to reduce this dependency on state transfers.

5. Contribution to National Industrial Output

The Census of Industrial Production, 2002 indicates that of the net industrial output of €60.2 bn for the Irish Economy, the Donegal economy contributed €362,181m (0.6% of the total). The comparative figure in 1996 was 1.2%. The 2002 figure demonstrates a serious erosion in our competitive position within the State and points to our failure to attract a critical mass of high value added new technology companies. It will be an objective of the Development Strategy to increase our contribution to National Industrial Output, by the creation of higher value added, higher output jobs.

4.2 NATIONAL CONTEXT FOR ENTERPRISE DEVELOPMENT

The National Context for developing Donegal as a prime, competitive and attractive location for job creating investment will be the Enterprise Strategy for Growth and Employment recommended to Government by the Enterprise Strategy Group (the O'Driscoll Group) in June 2004. The group developed an overall model to identify the essential conditions for enterprise development and the key sources of competitive advantage. The four essential conditions for enterprise development in this model are:

- Cost Competitiveness
- Infrastructure
- Innovation and Entrepreneurship
- Management Capability

The group then identifies five sources of competitive advantage:

- World class labour skills (derived from our education and training systems)
- An advantageous tax regime (including a single rate of 12.5% corporation tax on all trading income)
- Effective and agile government responsive to the needs of enterprise
- Expertise in International Marketing and Sales
- Expertise in Technology to enable market-led applied research and technological development to leverage increased enterprise investment, and to underpin new product and service

4.3 CREATING THE CONDITIONS FOR PROMOTING ENTERPRISE DEVELOPMENT IN DONEGAL

1. Cost Competitiveness

To complement the National Strategies for increasing competition, minimising the cost impact of regulation/controls and rewarding workplace productivity, the Council will focus on the factors which impact on the costs of doing business in the County. The Council will seek to ensure that the rates of increases in commercial rates, water charges, waste management charges, development levies etc., are comparable to or lower than in other locations in the Country. The Council will continue to administer the revolving economic development fund, to help it leverage job creation investment where suitable serviced land or enterprise space is required to attract sustainable jobs. The Council will also keep its Housing Strategy under review to ensure that an adequate supply of affordable housing is available.

2. Infrastructure

Weak infrastructure in the County resulting from decades of under investment represents a barrier to the economic development of the County. The Council will seek significant increases in funding for infrastructure to provide an integrated package of infrastructure to meet the needs of enterprise and employment.

A North-South co-operative approach to the provision of infrastructure for the Letterkenny-Derry Gateway and for other key linkages is proposed including:

Telecommunications

The fibre-optic telecommunication backbone network will be extended to the border at Bridgend to link the Donegal Municipal Access Networks (MAN's) to Northern Ireland. Telecommunications operators will be encouraged to provide cross border supplies, competition and choice.

Roads

Access, both into and out of the County requires further urgent investment, as at present it suffers from poor road connections to Dublin and to other centres in Northern Ireland.

Air Services

The numbers, frequency and schedules of flights at Donegal (Carrickfin) and Derry City Airport should be improved, especially between the regional air centres of Belfast, Derry, Dublin, Cork and Shannon. The provision of an airstrip at Tory Island should be facilitated.

Energy

The overall adequacy of the County's electricity supply is in question and there is a very important issue related to the 110Kv ESB supply into and within the County. Northern Ireland however, has excess capacity. In this context there is potential to develop an All-Ireland energy market and an All-Ireland electricity grid and this would benefit the local economy in Donegal.

Sea Ports

Sea Ports are essential for external trade. Improved access to ports in Ireland and Northern Ireland are essential to improve logistical efficiency.

3. Innovation and Entrepreneurship

With the openness of the Irish economy, economic performance is very sensitive to both home and global economic developments. Businesses that accept change and innovation, adapt to it and apply it as a focal point of their business strategy will prosper. Both innovation and entrepreneurship require stimulation, and an entrepreneurial culture needs to be developed with financial back up for business start ups. Education and training are key elements in this quest and this requires curricular changes at all levels of education from primary/junior cycles through to the higher levels of learning. In addition, financing these changes could be facilitated by tax relief schemes and public/private seed and venture capital schemes. Workplace innovation is another aspect of beneficial change, which could exploit the positive experience of social partnership to provide a focused workplace development programme and model. The organisation of business could utilise information technology, the versatility and creativity of the human resource, flexible working arrangements, such as part time working and teleworking and the use of flexible multi-purpose machinery.

4. Management Capability

Management skills are crucial ingredients to ensure the success of an enterprise, as a consequence there is a need to recognise the importance and assure the responsibility for building up Management Capability. This could be achieved through the construction of business networks, articulating the management development needs of their members. These networks in turn could act as a focal point for producing targeted training programmes. Also enterprise development agencies should place increased emphasis on the Board and Management Capabilities of firms to which they are providing support.

GOAL

To support new sustainable and enduring forms of employment generation, encouraging innovative and entrepreneurial job creation that has the capacity to respond to the changing global economic climate.

OBJECTIVES

1. To support the creation of a positive employment generating environment which can attract inward investment including emerging technologies in the life science, medical, pharma information technology, together with continuing traditional manufacturing industry, supported by a strong research and development base.
2. To support and harness the designation of Letterkenny as a linked gateway and ensure the advancement, in a sustainable and orderly manner, of the Letterkenny to Derry economic corridor, so as to achieve maximum economic and social benefits for the County.
3. To support the diversification of job creation and promote small-scale start up enterprises spread in a balanced spatial form across the County whether in the form of public/private sector investment or by means of community led developments.
4. To support rural diversification that makes best use of the rural resource and assists in continuing a living and vibrant rural area.
5. To provide integrated economic infrastructure, including infrastructure corridors, to sustain and strengthen existing key economic centres and sectors.
6. To seek maximum "added value" from the provision of capital intensive economic infrastructure.
7. To seek a balanced approach to the provision of employment generating development where conflicts with environmental considerations arise.
8. To support the operation, maintenance and expansion of Donegal (Carrickfinn) airport.
9. To provide an airstrip on Tory Island.

4.4 POLICIES AND PROPOSALS

In order to achieve all these objectives, aims and spatial priorities a range of policies and proposals have been formulated to tackle in a spatially related land use manner, the basic weaknesses and underlying problems relating to the local economy, outlined in the above analysis.

POLICY EED 1: EMPLOYMENT GENERATION

It is the policy of the Council to seek new job creation and enterprise development opportunities through the following broad range of interventions:

1. Streamlining the development management function of the Council as Planning Authority in regard to the front loading of planning proposals which relate to job creating opportunities. Special arrangements to be examined for the handling of such proposals, commencing with the emphasis on detailed pre planning discussions and negotiations, to thrash out problems and issues that may arise. Also to establish mechanisms between various investment agencies and applicants to facilitate and enable job creation opportunities, offering where possible specialist and technical assistance.
2. To support and encourage the diversification of the local economic base, to facilitate the emerging successful components of Internationally Traded Services, High Value Added Manufacturing and Locally Trading Businesses. In this regard there is a need to realise the potential of service sectors such as healthcare, education, creative and maritime services and maximising these services delivered electronically. Also by capitalising on the emergence of new models such as supply chain management and exploration of intellectual property and by developing on the existing strengths in bio pharmaceuticals, medical technologies, engineering and consumer products and building on natural resource based sectors such as food and tourism.
3. Encouragement of a wide range of new job creating opportunities in specialised niche areas at the micro/local level to achieve a sustainable base for evolving and competitive employment generation.
4. Continued support for the implementation of the objectives, policies and proposals of The County Donegal Retail Strategy 2006–2012, to facilitate the job creation in this important indigenous service related sector. The County Donegal Retail Strategy 2006-2012, will be reviewed and updated periodically within the lifespan of the Development Plan.
5. Support for employment generation developed at locations within, throughout and adjacent to the Gaeltacht, exploiting the employment opportunities arising from the development of the distinctive, cultural, traditional and linguistic attributes and strengths of the area.
6. The Council will pursue Regional development in the Northwest, by developing links with the relevant cross border Local Authorities and through its participation in ICBAN and NWRCSBG and other emerging bodies with a cross border dimension during the life of the Development Plan.

POLICY EED 2: THE PROMOTION OF DEVELOPMENT CORRIDORS

It is the policy of the Council to support the objectives of 4 development corridors within the County and in doing so, the Council will establish a forum comprising

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members of the County Council and cross border stakeholders in order to advance these objectives. The make up of the forum shall be agreed by the Members.

1. The Letterkenny to Derry (and comprising Buncrana) Economic Development Corridor: Chapter 2.9 outlines a detailed spatial strategy, based on limited nodal development, for the development of this corridor. Guiding the growth of the Letterkenny to Derry corridor in this co-ordinated manner will achieve socio-economic benefits for Derry and Lettekrenny, the settlements along the corridor and their surrounding hinterlands.
2. The Southern Economic Development Corridor (part of Atlantic Corridor): this corridor stretches from Sligo through Bundoran, Ballyshannon, Donegal Town, Ballybofey/Stranorlar and from there to both Lifford and Letterkenny. It represents the northern end of the Atlantic Corridor identified in the government's recently published Transport 21 transport plan. The Southern economic development corridor will exploit the opportunities arising from the fibre optic cable linkages, significant road linkages and bypass improvements and the likelihood of other infrastructural improvements such as increased electricity transmission capacity into the County. Also there may be distinctive possibilities flowing from the availability of natural gas pipeline from the Corrib offshore gas field into this corridor and possibly inter connecting with the cross border gas linkages to Northern Ireland. In addition as mentioned in the Chapter on Transportation and Communications (Chapter 3), the Council are also pursuing a long-term strategy to maintain and develop rail linkages. The Western Corridor rail links from Ennis, Limerick, Galway through to Sligo and up into the County form part of this strategy. As a consequence the routes of the old rail network within the County will be safeguarded to facilitate their re-integration into the transport network at some time in the future.
3. Cross Border Economic Development Corridors: In addition to the Letterkenny to Dewrry (and comprising Buncrana) Economic Development Corridor the Council will promote the development of the Ballybofey/Lifford/Strabane/Omagh and the Bundoran/Ballyshannon/Beleek/Enniskillen cross border Economic Development Corridors with the aim of creating a seamless cross border economic region with a vibrant business environment. In the planning and development terms the creation of this corridor will require major improvements in infrastructural linkages, the creation of a 'business friendly' planning framework (through such mechanisms as Strategic Development Zones) and the meaningful co-operation of the relevant local authorities and government departments on a north/south basis.
4. The N56 'Atlantic arc': This arc runs through the southwestern, western, and northwestern margins of the County, and includes the settlements serviced by the N56 Strategic Infrastructural Corridor. Through a process of urban strengthening the towns along this arc will perform a locally important role in driving forward development both in their own hinterland and throughout this distinctive Gaeltacht and Coastal area.

The Spatial Strategy, considers the promotion of the Letterkenny – Derry Gateway and outlines the detailed strategy for this important linked gateway. Notwithstanding the strategy the following policy related issues are important.

The Council will implement the linked designation of Letterkenny and Derry City in a balanced spatial format on the basis of a limited nodal format so as to achieve co-ordinated and complimentary benefits for each settlement and surrounding hinterland. The Council will establish a forum comprising members of The County

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Council and cross border stakeholders in order to advance the objectives of the linked Gateway status.

The Southern economic development corridor will exploit the opportunities arising from the fibre optic cable linkages, significant road linkages and bypass improvements and the likelihood of other infrastructural improvements such as increased electricity transmission capacity into the County. Also there may be distinctive possibilities flowing from the availability of a natural gas pipeline from the Corrib offshore gas field into this corridor and possibly inter connecting with the cross border gas linkages to Northern Ireland. **As mentioned in the Chapter on Transportation and Communications (Chapter 3)**, the Council are also pursuing a long-term strategy to maintain and develop rail linkages. The Western Corridor rail links from Ennis, Limerick, Galway through to Sligo and up into the County form part of this strategy. As a consequence the routes of the old rail network within the County will be safeguarded to facilitate their re-integration into the transport network at some time in the future.

A third development corridor is proposed and it forms an arc, centered around the N56. In the Regional Planning Guidelines, the town and settlements along this arc are described as key towns in a local context, in need of urban strengthening. These towns perform an important local role, in driving forward development in their own hinterlands and throughout this distinctive Gaeltacht area.

POLICY EED 3: KEY INTEREST CENTRES

The Council will continue to co-ordinate with the relevant enterprise development agencies, to provide for the development of a number of Key Interest Centres throughout the County. These centres are located in a number of towns and settlements. These "Key Interest Centres" will vary over time and the following are seen as the priority sectors over the lifespan of the Plan.

1. The service sector: with particular reference to the tourism sector in the County.
2. Added value food processing particularly in the fisheries sector.
3. The job potential in the information technology, telecommunication and pharma and bio technology.

The Key Interest Centres policy will be pursued through

- (a) Development of a more pro-active and focused involvement in the tourism industry.
- (b) Development, with relevant agencies of a limited number of key centres which can compete nationally and internationally for inward investment and significant added value indigenous industry, such areas are likely to be located close to the fibre-optic telecommunication backbone of the County. The following locations are likely to be targeted:
 - Business and Technology Park, Letterkenny
 - Consolidation and Expansion of Gweedore Business Park
 - Business and Industrial Park, Killybegs
 - Business and Industrial Park Bunrana
 - Business and Industrial Park Ballybofey/Stranorlar.
 - Business and Industrial Park at Ballyshannon.
 - Business and Industrial Park at Dungloe.

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- (c) Specialist skill centres based on 3rd level centres of education at the Letterkenny Institute of Technology, the Tourism College, Killybegs, the emerging 3rd level institution to be located in the Gweedore area and the National Fisheries School in Greencastle.

POLICY EED4: LAND AND WORKSPACE

The Strategic Corridors and Key Interest Centres will be backed up by a second tier network of industrial land sites, located in each Electoral Area. These are based on lands already owned by the relevant agencies, and where there is a gap in the network of such sites the Council will support community efforts to provide land.

The network consists of the following settlements/locations:

Falcarragh and Cloghanbeg (Udaras Lands), Merville, Carndonagh, Greencastle, Castlefin, Milford, Glenties (Council/Community), also Kilcar, Downings and Fintown and Burtonport are also being included in view of their special positions as locations for industrial development within the Gaeltacht and a similar centre will be developed in the Gaeltacht area between Ardara and Killybegs, at Meenavalley. Údarás na Gaeltachta have a significant series of designated development sites and a land bank to facilitate current and future development in the County. There is a shift in emphasis with Údarás na Gaeltachta focusing on community, enterprise development, language, cultural, heritage and tourism rather than the industrial factory style of buildings. The following locations have Údarás na Gaeltacht sites, buildings etc. Gleann Cholm Cille, An Charraig, Teidhlinn, Cill Chárthaigh, Ard a' Rátha, Baile na Finne, Gleann Fhinne, An Clochán Liath, Árainn Mhór, An Charraig Fhinne, Anagaire, Croithlí, Dobhar, Páirc Ghnó Ghaoth Dobhair, Bun a Leaca, Machaire Rabhartaigh, Gort a' Choirce, Fál Carrach, Na Dúnaibh, An Tearmann and Fanaid.

Provision of workspace by community groups will be encouraged through participation in IFI and other local development initiatives. Workspace has already been provided in Lifford, St. Johnston, Castlefin, Raphoe and other centres through this approach.

POLICY EED 5: RURAL DEVELOPMENT AND SUPPORTING STRATEGIES

It is the policy of the Council to support proposals for rural development in a sustainable manner.

The traditional rural economic base related to agriculture has experienced a significant decline with the weakening of agriculture and fishing. Agriculture has been particularly affected by decoupling, quotas and other EC derived changes and pressures and the challenge is to retain people in a vibrant rural community. The rural character of the County must also be retained and developed by economic initiatives. Some of the weaker rural areas (**as outlined in Chapter 5 Housing**), require policies to support and enhance the local economic base, to retain employment generation in these areas and to allow the development of new initiatives/opportunities. In general farm diversification schemes and plans will be supported, subject to detailed assessment of the specific agricultural situation and consideration of the proper planning and sustainable development of the areas and the location siting and design and access considerations.

POLICY EED6: INTERAGENCY LIAISON

The Council will actively participate in the activities of the County Development Board and its associated sectoral groups in order to achieve greater liaison and co-working between statutory and other agencies with infrastructural and development functions in the County. In addition to the above the Council will

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through its local area office networks provide a focus for and pro-active involvement in local development employment generating activities.

POLICY EED7: ENTERPRISE & RENEWAL SUPPORT AND DEVELOPMENT

The Council will use its existing powers and resources to provide a package of incentives for Enterprise and Renewal Support and development through:

• **Designation of Enterprise and Renewal Area (ERAs)**

A Cocktail of incentives will be available to existing and new developers. These will include:-

- Reduced development charges
- Fast track planning services
- Enterprise and Renewal Advisory Service

A pilot scheme will be initiated in each electoral area to designate an ERA in key centres requiring regeneration e.g. a street, square or backlands etc.

• **Business Start-up and Extension Support**

This will apply to the micro business sector throughout the County which is in accordance with the policy objectives of the local development and main stream agencies.

- Phased system for payment of development charges
- Fast track planning services

POLICY EED8: THE DEVELOPMENT OF KEY INFRASTRUCTURE TO FACILITATE EMPLOYMENT GENERATION

The Council will continue to address the issue of infrastructure, by designating infrastructural corridors within and into the County, providing for in particular broadband, telecommunication, energy, electricity, gas, road, air, water and rail access, water supply and waste water disposal.

This Chapter on Employment Generation and Enterprise Development Strategies focuses on the business/employment generation related infrastructural elements, such as broadband, telecom, electricity and gas, while the Chapters on **Transportation and Communications 3 and Environmental Services and Protection 6** deal specifically with road, air, rail, water supply and water/waste related issues.

Electricity, broadband, telecommunications are singled out as essential basic infrastructural requirements to assist the development of economic regeneration. Please see the attached Map. As the functional hinterland of Donegal transcends the natural boundary of the County, the cross border element in regeneration is crucial in telecommunications, broadband, electricity and gas as supported in the National Spatial Strategy and the Regional Planning Guidelines.

(1) Electricity Infrastructure

From within the State, it will be important to facilitate and support the provision of renewable energy and the E.S.B.'s or other utilities attempts to upgrade the 110KV electricity network. Electricity Infrastructural Corridors are very important in this regard, in order to provide the policy base, to support any potential future planning proposals by the ESB during the lifespan of the Plan and Map 3, at the end of this chapter outlines and indicative line of the ESB reinforcement route. The Policy base for such energy corridors is provided for in both the National Spatial Strategy and the Regional Planning Guidelines. The National Spatial Strategy indicates the particular need to strengthen energy networks in the Border and the North West, indeed it considers the advantages of streamlining the co-ordination of infrastructure, by provision of different types of infrastructure in one physical

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corridor. The National Spatial Strategy notes that in relation to the transmission and distribution networks, that a major programme of work is underway to reinforce the National Grid to International supply standards and key elements of the programme to 2007/2008 will be to upgrade existing lines, installation and/or upgrading of transformer stations and the provision of new lines. The National Spatial Strategy further notes, that it is vital that this investment programme is integrated both at Regional and Local level, particularly in the Development Plan to support the timely commissioning of the transmission infrastructure. Furthermore, the Regional Strategy and Regional Planning guidelines, also focus on the strategic strengthening of the electricity grid, serving particular clusters of employment related demand in peripheral areas and also to highlight energy deficits in the region as a whole

(2) Broadband

In addition the Council will support the strategic provision of Broadband Services to and throughout the County. The Council's Information Systems Strategic Plan 2002 – 2005 has the objective to "Establish the County as a recognised leader in the exploitation of ICT as a means of driving economic and social development". The expansion and development of broadband is viewed as a key enabler in attracting investment from the high-tech sector and facilitating a move from dependence on traditional industrial for employment. Major improvements in telecommunications infrastructure are necessary to overcome the disadvantages faced by the County due to its location. Broadband will create and enhance a sustainable environment for inward investment as well as the development of indigenous industries in the knowledge economy.

The Council has been working at a European and cross border level for many years through its subsidiary organisation ERNACT on Information Society innovative actions and regional information society strategies. A number of initiatives to stimulate the provision of wireless broadband services are currently being planned. In particular the Council will facilitate the building of a wireless broadband backbone network in the north and west of the County through the North West Atlantic Broadband Arc Project or other similar projects. In addition the Council are working with key development agencies in the County to ensure that a co-ordinated approach is taken.

Recently the Letterkenny Metropolitan Area Network has been completed. The construction of this network was funded by both the Department of Communications, Marine and Natural Resources and the Council. It was constructed by the Council and is managed by eNet. This network offers customers in Letterkenny more choice and improved resilience in the selection of telecommunications services. This year will see the construction of similar networks in Ballybofey/Stranorlar, Bundoran, Ballyshannon and a cross-border link between Letterkenny and Derry. Networks will then develop throughout the County, over the next few years, so that there is a comprehensive coverage of broadband services.

The Group Broadband Schemes have the objective of promoting the rollout of broadband access through the establishment of sustainable broadband services in towns and villages, rural hinterlands and underserved areas of larger towns on the basis of County/Regional Council and community driven initiatives. The Scheme is open to all smaller and rural communities of under 1,500 people. The Council has placed broadband for both commercial and residential consumers as a high strategic priority on its economic development agenda.

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health, and to provide matching funding, management support and adequate accommodation to ensure that the Veterinary Service can achieve its goal and discharge its contractual obligations in an efficient manner.

POLICY NO. ESP 10 - MAJOR ACCIDENTS DIRECTIVE

The Council proposes to adopt recommendations aimed at reducing the risk and/or limiting the consequences of Major Accidents and to incorporate them into its Emergency Plan and land use planning guidelines. Such recommendations