

DETI PROGRAMME OF GOVERNMENT - A BROAD OUTLINE

1. Objectives

DETI policies should be focused on two key objectives:-

- (a) the promotion of a knowledge based economy; and
- (b) the creation of an enterprise driven economy.

These reflect directly two themes in Strategy 2010 and are entirely consistent with the remaining three.

2. Policy Approach

- **Economic Infrastructure:** Economic development depends on having the appropriate economic infrastructure. This includes a stable macro-economic environment, a fiscal policy which is conducive to enterprise, high levels of education and skills and a good transport and communication system.

To a large extent, primary responsibility for these lies outside DETI. It will be necessary for DETI to influence policy development in these areas in a way which promotes economic development in Northern Ireland.

- **The Role for Government:** The role for government in economic development is increasingly becoming that of a facilitator (bringing people together, removing administrative, planning and legislative barriers to enterprise, provision of information etc).

Intervention by government in economic development should, as far as possible, be consistent with market forces. There should be a clearly established rationale for intervention.

- **Targeting and Delivery of Government Intervention:** Government intervention aimed at promoting economic development is likely to be targeted increasingly at sectors or groups of firms and less at the individual firm level.

Coherence, effectiveness and value for money will be key aspects of delivery.

3. Knowledge Based Economy – Key Policy Areas

a) Information Age Initiative:

- Infrastructure.
- Internet awareness/presence/application.
- Ecommerce/ebusiness – threats and opportunities.
- External linkages- national and international.
- Public sector – an exemplar
- May have to consider a legislative approach to accelerate the development of e-commerce and e-business.

The establishment of the Information Age Initiative reflects the importance and urgency attached to this key recommendation in Strategy 2010. The elements outlined above reflect the main areas on which initial efforts are being concentrated.

b) Innovation and R&D:

- Focus on increasing indigenous company participation rates.
- Spin out mechanisms and support structures – Science Park.
- Technology transfer – close links to FDI and external linkages.
- Innovation in broad terms (include improved design, new management techniques, new marketing approaches etc.).

A number of Strategy 2010 recommendations were made for improving innovation in Northern Ireland. Most of these will fall to DETI and are reflected in the above four areas.

c) FDI:

- Primary role of FDI - attraction of new ideas and knowledge.
- Assistance to FDI - a high degree of selectivity.
- Level of assistance clearly linked to quality of project.
- Additional knowledge - the key measure of quality.

- Low levels of assistance available for projects which produces little in way of additional knowledge - for such projects impact on unemployment key factor in determining assistance.
- FDI expansions assistance linked to additional knowledge and/or unemployment reduction.
- Options for new fiscal measures will be explored.

d) Linkages/ Networks/ Clusters:

- Information links between firms (horizontally and vertically) - and between firms and educational/research organisations - key to the development of a knowledge based economy.
- Strong emphasis on external links including national and international initiatives.
- Both Government and private sector have a role in facilitating linkages.
- Key role for Government is mapping clusters to identify and close gaps.

The encouragement of networking and cluster development underlies much of the thinking in Strategy 2010. It is reflected not only in specific recommendations on networking but is also in a number of the proposals on innovation. It is fully consistent with the D'I's policy on cluster development.

e) Skill Training within Firms:

- Primarily Company Development Programme (CDP) within DETI.
- Need to differ approaches between inward investment, large and small indigenous companies.

The recommendations on skills and education in Strategy 2010 fall largely to DHFTE and DE. However DETI has an important role in relation to industry based training and close co-operation between Departments will be essential.

4. Enterprise Economy - Key Policy Areas

a) Medium and Large Locally Owned Firms (50+):

- Primary focus for intervention could be non-SFA forms of assistance where possible.
- Main form of intervention linked to knowledge, skills innovation and R&D and linkages programmes.
- Twin track approach of reducing grant dependency and encouraging the provision of private sector finance.
- Examination of grant v. loan schemes.
- Emphasis on speed of response from Departments to client approaches.

b) Enterprise/Small Firms (less than 50):

- Policies to include:
 - a continuing shift away from general business funding based primarily on job creation per se to funding based on identified needs/constraints to growth.
 - continued recognition that business needs are closely associated with the stage of business development;
 - increased focus on external sales potential; and
 - flexible and integrated approach to high-tech start-ups.

c) Promotion of Exports:

- Export support restricted to locally owned firms.
- Focus on removing barriers to trade.
- Need to incorporate North/South dimension.

The promotion of exports was an important element of the thinking underlying Strategy 2100. This was made explicit in a target for export growth as well as a number of recommendations on fostering global perspectives.

d) Tourism:

- Pursue current NITB policy including exploitation of peace opportunities.
- Encourage private sector initiatives and further reduce grant dependency.
- The North/South and East/West dimensions to this policy area will need to be incorporated.

e) Local Enterprise Development:

- Key issues are increased co-ordination, rationalisation and sustainability.
- The social cohesion dimension needs to be borne in mind.

5. Energy

Core energy policies include security and diversity of supply, progressive liberalisation and increased competition in the pursuit of lower prices, sustained energy efficiency and strong independent regulation of a privatised market. A central aim is to reduce NI energy costs in order to boost competitiveness and a range of relevant Strategy 2010 recommendations are being pursued, following the Vision 2010 consultation process. The Climate Change Levy threatens to increase the cost of gas and electricity prices in Northern Ireland - inhibiting expansion of the gas industry and increasing the adverse differential between Northern Ireland electricity prices and those in the rest of the UK. Following intensive lobbying, the Financial Secretary to the Treasury has agreed to look at the possibility of modifying the levy to accommodate Northern Ireland concerns.

6. New TSN

This is a major cross-cutting issue involving all Departments. DETI's Action Plan, which is currently out for consultation within the framework of New TSN's first annual report "Vision into Practice", focuses on employment and employability. New TSN policies need to bear in mind that the physical location of businesses does not

guarantee success for local job applicants. Local skills auditing and bespoke training are essential. DETI and DDFETE co-operation is vital here.

7. Other DETI Responsibilities

DETI is also responsible for a wide range of regulatory functions. Reducing the regulatory burden can make an important contribution to economic growth.

Strategic Planning Division

14 January 2000

14/01/2000