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STATEMENT BY THE SECRETARY OF STATE AFTER THE BUDGET

The Secretary of State, Rt Hon Humphrey Atkins MP, announced today that the Meat Industry Employment Scheme is to be extended until further notice. He said that the Scheme would help to preserve up to 4000 jobs in the meat processing sector and that it would also continue to protect Northern Ireland consumers from higher prices.

In a statement detailing the implications for Northern Ireland of yesterday's Budget statement, Mr Atkins said that he welcomed the proposed reduction in direct taxation as a significant boost to incentive and investment in Northern Ireland, as elsewhere in the United Kingdom. "The future economic prosperity of the Province depends in large measure on the willingness of its people to take advantage of the opportunities for self help and on the ability to generate or attract new industrial investment", he pointed out. "The taxation and other changes announced by the Chancellor will help to create a climate favourable to investment and I look for a tangible response in Northern Ireland to the Government's alleviation of the tax burden."

"The £35 million in cuts is Northern Ireland's contribution to achieving a more expansionist economy. As I have made clear publicly on several occasions recently, we cannot expect to reap the benefits without paying our share. So we have not only to keep within our cash limits but to effect savings in existing programmes. But let me point out that about half of our contribution is made up of savings in areas where we are following step-by-step with Great Britain, such as the increases in charges for prescriptions and dental treatment. In addition, the impact of the cuts will be cushioned by the decision to continue the Meat Industry Employment Scheme".

"I want also to stress that the law and order programme is exempt from the cuts. The fight against terrorism will not be weakened."

For planning purposes the gross reductions of £35 million will be allocated to Northern Ireland departments as follows: Department of Agriculture £0.5m, Commerce £10.5m, Manpower Services £11.0m, Environment £7.7m, Education £2.1m, Health and Social Services £2.3m, Finance £0.4m, Civil Service £0.5m.

As in Great Britain, there will be a delay of four months in the payment of Capital Grants to industry by the Department of Commerce in the present financial year. Detailed arrangements will be made known by the Department. This is expected to reduce public expenditure in the present year by some £9 million and is the major element in the total contribution to the cuts by the Department of Commerce. The remainder of its share will mainly affect the contribution from public funds to the Northern Ireland Electricity Service.

Some £7.5 million will be saved this year by the Department of Manpower Services through discontinuing the Selective Employment Premium from 31 July 1979. This will bring Northern Ireland into line with Great Britain, where the equivalent Regional Employment Premium was abolished in January 1977. In addition, there will be some reduction in industrial training and changes in grants to employers, broadly in line with modifications being made in Great Britain. Commenting on these measures the Secretary of State said that when industry was assessing their effects he knew that they would bear in mind the advantages which would accrue from the beneficial effects of the Budget statement on business and investment confidence.

The Department of the Environment will achieve savings of £3 million out of its total of £7.7 million by reducing the amount available for lending under the Home Loans Scheme operated by the Housing Executive. The Building Societies however have agreed to make available an additional £12 million in 1979-80 for direct lending to Northern Ireland on houses built before 1919. The net effect will therefore be that the total amount of money available for down-market lending in Northern Ireland will be substantially greater than before. The reduction in lending by the Housing Executive will not affect the creation of mortgages for tenants who decide to buy their homes under the Government's recently announced sales policy. To achieve the balance of its £7.7 million total the Department of the Environment will be making some reductions in a number of programmes.

Most of the Department of Education's £2.1 million saving will arise from the decision announced on 24 May 1979 not to proceed with an improved scheme of Educational Maintenance Allowances. Most of the Department of Health and Social Services £2.3 million saving will result from the application to Northern Ireland of the Chancellor's proposal to increase prescription and dental charges. Existing exemptions for the needy, the elderly and children will, of course, remain.

The Secretary of State said that, while Northern Ireland was necessarily following Great Britain in certain of the cuts, in other areas he had deliberately taken the differing circumstances of Northern Ireland into account. He stressed that his greatest priority had been to avoid unemployment, wherever possible, and in particular to reduce the impact on the construction industry. The various measures being taken to reduce public expenditure would inevitably lead to some reductions in employment but these, it was hoped, would be countered by the stimulus to the private sector. The effect of the cuts on employment should therefore not be looked at in isolation.

Mr Atkins concluded by saying that no doubt both sides of industry would wish to consider the full implications of the Government's proposals and he was asking departmental Ministers to make themselves available for discussion.