

Parliamentary Resolution

on a Strategic Regional Plan for the years 2014–2017

The Parliament of Iceland approves a resolution to instruct the Government to implement a Strategic Regional Plan for the years 2014-2017. The principal objectives in the implementation of the plan shall be to create greater equality of opportunity in work and services for all people in the country, to mitigate differences in living standards, and to promote the sustainable development of the regions in all parts of the country. Special priority will be given to support for regions subject to long-term depopulation, unemployment, and heavy dependence of single industries. Emphasis shall also be placed on ensuring that measures taken under the plan help to promote greater gender equality.

The Prime Minister, on behalf of the Government, shall deliver a verbal report to Parliament on the progress of the Regional Plan not later than before the end of 2015.

In order to achieve the objectives of the Regional Plan, the following measures will be taken, which fall under four designated key areas:

1. INFRASTRUCTURE

1.1. Extension of a high-performance data network.

Objective: That the building up of the telecommunications system meet the criteria set down in the Post and Telecom Administration in Iceland telecommunications plan for 2011-2012.

Measures:

- a. An integrated information package shall be produced and released on matters such as the legislation that public bodies will have to take into account in connection with the extension of the fibre-optic cable network and other telecommunications infrastructure.
- b. A working group shall submit proposals for a framework of technical support for public bodies involved in the extension of the fibre-optic cable network and other telecommunications infrastructure.

Office responsible: Ministry of the Interior in collaboration with the Ministry of Industries and Innovation.

Costs: The subsidy from the Regional Plan towards development, presentation, and publication of information and guidance is estimated at ISK 10 million for the period 2014-2017.

1.2. Energy.

Objective: That the generation and distribution of electricity meet the needs of industry and the general public in all parts of the country as regards transmission capacity and service reliability. That price differentials between regions in the transmission and distribution of electricity be removed.

Measures: Action will be taken towards achieving full equality in the costs of electricity distribution between rural and urban areas. A further aim will be for the costs of domestic heating by electricity to be no higher than the costs using the country's geothermal utilities and work will be done on identifying financially viable sources of geothermal heating in areas where conditions allow. The costs will be met through disbursements from the national exchequer, changes in legislation, and the removal of price differentials between energy consumers in different areas.

Office responsible: Ministry of Industries and Innovation.

Costs: The costs to the national exchequer will depend on the means adopted to remove price differentials

1.3. Improved communications.

Objective: That road-users should be able to make their journeys within and between work and service areas cheaply, quickly, and safely.

Measures:

- a. The aim of developing defined work and service areas will be clarified in accordance with the Transport Plan for 2011-2022, with a formal assessment on the likely effects of individual works projects on transport and communications within them.
- b. In the Transport Plan for 2015-2018 priority will be given to enlarging present work and service areas, improving traffic safety, and reducing journey times. Particular priority will be given to schemes in the Westfjord region and the east of Iceland. Consideration will also be given to the importance of tourism services and to ensuring that roads remain open throughout the year. A plan will be drawn up for improvements to communications and maintenance of roads serving important tourist destinations.
- c. A feasibility study will be conducted into the possibilities of joint ventures with private interests for the expansion of inter-regional and tourist routes through the highlands so as to be able to link different work and service areas for eight to twelve months a year.
- d. A permanent solution will be found to the problem at the Landeyjahöfn ferry harbour for Vestmannaeyjar (Westman Islands).
- e. There will continue to be an airport in Reykjavík in close proximity to the centres of administration and other services.
- f. Support will be continued for the plans of the Flugklasinn air services group in the north of Iceland to ensure direct international flights to Akureyri.

Office responsible: Ministry of the Interior and departments coming under its jurisdiction, local authorities, and their regional associations.

Costs: Costs of the Transport Plan are set out in the annual national budget.

2. SPECIAL MEASURES IN VULNERABLE COMMUNITIES

2.1. Fragile communities.

Objective: To halt on-going depopulation in the country's smaller settlement centres and rural areas.

Measures:

- a. In the period 2014–2017 the Icelandic Regional Development Institute will continue with its project Fragile Communities in support of areas under threat of depopulation.
- b. Additional funds will be directed to special measures based on the project's findings.

Office responsible: The Icelandic Regional Development Institution in collaboration with the Ministry of Industries and Innovation, regional associations, and local authorities.

Costs: Costs associated with the Fragile Communities project are estimated at ISK 50 million a year for the period 2014–2017. Allowance is made within this figure for the financing of a project on the current position and future of Iceland's farming communities. Special funding may be made available for individual measures that are generally agreed to require action.

2.2. Support for private individuals.

Objective: To increase the number of people with advanced levels of education and training in the country's vulnerable communities.

Measures:

- a. A working group will be set up under the auspices of the Ministry of Industries and Innovation and the Ministry of Education, Science and Culture to submit proposals for pilot projects to increase the number of well-educated people in regions subject to progressive depopulation.
- b. An appraisal will be carried out of methods used in neighbouring countries to support individuals resident in areas under threat.
- c. A feasibility study will be carried out for a system by which the educational loans of inhabitants of certain areas will be written down by a certain percentage each year will be looked into. Consideration of this matter should be completed by 1 October 2015.
- d. A feasibility study will be carried out of a system of supplements to child benefits for residents of certain areas. Consideration of this matter should be completed by 1 October 2015.

Office responsible: Ministry of Industries and Innovation and Ministry of Education, Science and Culture.

Costs: The proposal involves no direct costs.

2.3. Support for business enterprises.

Objective: To create a varied range of industrial and employment activities capable of flourishing in economically challenged areas.

Measures:

- a. Special measures will be continued through the period 2014-2017 relating to small fishing ports with serious and immediate problems. An assessment will be made on the basis of experience whether the same kind of methodology can be applied in the allocation of current areal quotas.
- b. The narrowing of differentials in transportation costs and other comparable measures will be continued. Support measures aimed at achieving parity in transportation, energy and capital costs will be co-ordinated so as to provide the greatest benefit to the regions where need is greatest.
- c. The possibility of using tax incentives such as a cut in national insurance contributions to support enterprises in economically challenged areas will be examined.
- d. The aim of maintaining settlement and employment in rural areas will be clarified with a review of the agricultural subsidy system.

Office responsible: The Icelandic Regional Development Institute in collaboration with the Ministry of Industries and Innovation and the Farmers Association of Iceland.

Costs: The proposed measures involve no additional direct costs in the period 2014-2017.

3. EMPLOYMENT

3.1. Innovation and growth sectors.

Objective: To foster a varied range of industry, employment, and innovation throughout the country in line with the criteria set down in *Atvinnustefna fyrir Ísland* (Industrial Policy for Iceland).

Measures:

- a. Priority will be given to strengthening the quality and flexibility of the industrial support system with the aim of offering entrepreneurs and companies effective and supportive services that satisfy their needs and the means to achieve growth and increased competitiveness.

- b. Competitive funds will continue to serve an important supporting function in innovation and development work. Financial subventions to competitive funds will be increased at regular intervals and a greater emphasis placed on support for marketing.
- c. Priority will continue to be given to cluster collaboration, in particular tripartite collaboration between companies, knowledge-based institutions, and the public sector.
- d. Tourist revenues will continue to be developed to meet investment demands in the sector.

Office responsible: Ministry of Industries and Innovation.

Costs: The proposed measures involve no additional direct costs in the period 2014-2017.

3.2. Support for new investment and job creation.

Objective: To attract and increase new investment for business.

Measures:

- a. Support will be provided for a necessary expansion of infrastructure for the industrial area at Bakki outside Húsavík.
- b. If the expansion of industrial operations in the Helguvík area goes ahead, the government, in collaboration with the local authorities of the region, will support a further development of infrastructure in a comparable manner.
- c. During the operational period of the plan, an integrated review and requirements analysis will be carried out on possible state involvement in the development of industrial harbours and sites in other parts of the country as one element in the support for job creation in areas under threat.
- d. Support will be provided for a potential expansion of calcareous algae extraction and processing in the Westfjord region.
- e. Support will be provided for a potential expansion of fish farming.

Office responsible: Ministry of Industries and Innovation.

Costs: Projected costs to the treasury from the development of infrastructure at Bakki and contracts for a silica plant come to around ISK 3400 million for the period 2013-14. At present there is no information to hand on potential costs to the treasury in the event of an expansion of industrial activities in the Helguvík area.

3.3. Decentralisation of jobs in the public sector.

Objective: To promote the creation of varied work opportunities in all parts of the country through the decentralisation of jobs in the public sector.

Measures:

- a. The location of public-sector jobs will be targeted specifically to create jobs and strengthen human resources and the professional environment throughout the country.
- b. During the operational period of the plan there will be a concerted effort to reverse the fall in the number of public-sector jobs outside the Reykjavík area and turn this into an increase through new projects and the relocation of existing projects.
- c. A comprehensive review will be undertaken of the scope and results of the relocation of public-sector jobs in Iceland before the end of the period of the plan.

Office responsible: Ministry of Industries and Innovation in collaboration with other ministries.

Costs: Direct costs during the period are estimated at ISK 20 million.

3.4. Public support systems.

Objective: That companies and private individuals in the rural regions of Iceland should have access to an effective and high-quality support system for the development of business and industry.

Measures:

- a. Funds will continue to be directed into industrial development, innovation, and the economic support system. The emphasis will be on support for collaborative projects and the encouragement of collaborative ventures such as co-operatives to undertake projects of social importance.
- b. Action will be taken towards increased co-ordination of measures through regional initiatives with the emphasis on local economies in each part of the country.
- c. The economic support system will be placed under review with the needs of users, simplification, and efficiency as the guiding principles.

Office responsible: Ministry of Industries and Innovation.

Costs: No major changes are envisaged in funding contributions to the public support system in the period 2014-2017.

3.5. Lending.

Objective: That companies in the regions within the remit of the Icelandic Regional Development Institute be guaranteed access to loan capital under comparable terms and conditions to those offered by financial institutions in the Reykjavík metropolitan area.

Measures:

- a. A review will be carried out of the Icelandic Regional Development Institute's lending activities, taking in a assessment of regular operating costs, the legal provisions on the maintenance of capital reserves, the financing of loans in default, and the possibilities of increased co-operation with other financial institutions, e.g. in the granting of guarantees.
- b. A position will be taken on whether the provisions on the maintenance of capital reserves in the statutory instruments covering the Institute are realistic and whether the state should support the lending operations with fixed annual capital contributions.

Office responsible: Ministry of Industries and Innovation.

Costs: This project is not anticipated to involve any direct costs.

3.6. Support for the development of forestry resources.

Objective: To provide additional support for forestry on farming lands where conditions are favourable, with an emphasis on timber production, carbon fixation, improved land quality, better farming conditions, and job creation.

Measures:

- a. Action will be taken to provide further support of forestry initiatives.
- b. A feasibility study will be carried out into promoting research and development through the Icelandic Forest Service into the cultivation and management of woodlands, their utilisation, and the processing of their produce.

Office responsible: Ministry for the Environment and Natural Resources.

4. PUBLIC SERVICES

4.1. Policymaking on public services.

Objective: That the inhabitants of Iceland, irrespective of place of residence and personal means, should enjoy the same opportunities as regards access to public services as are consonant with the demands of a modern society.

Measures: During the period 2014-2015 the rights of citizens to basic services in all parts of the country shall be defined for the principal areas of public services, e.g. as regards medical services, policing, education, culture, communications, and telecommunications. A consultation exercise will be held with regional associations, local authorities, and the Icelandic Association of Local Authorities in which, among other matters, access to basic

services in all parts of the country will be assessed and proposals submitted for improvements. The definition of the factors listed above will be completed not later than 1 October 2015.

Office responsible: The Icelandic Regional Development Institute in consultation with the Icelandic Association of Local Authorities, regional associations, local authorities, and a steering network from the Prime Minister's Office.

Costs: This project is not anticipated to involve any direct costs.

4.2. Public-service information in the area of regional affairs.

Objective: That policymaking in regional affairs and its implementation be based on reliable data.

Measures:

- a. In the period 2014-2017 a collaborative project will be set in train between public institutions, in particular Statistics Iceland and universities, to build up a statistical database in the field of regional affairs, providing access to information on factors such as population trends, employment participation rates, income, education levels, and output in industrial sectors, in a format that is compatible with international databases.
- b. Research will be carried out into the causes of migration in Iceland and the factors that influence men and women separately in their residence choices.
- c. The Icelandic Regional Development Institute will map out in direct form where basic services provided by the public and private sectors are located and how far residents have to travel to access services. This mapping exercise will form the basis for further strategy formulation of the geography of state-run public services.
- d. Means will be sought to further academic research in the area of regional affairs in collaboration with universities in Iceland and abroad.

Office responsible: The Icelandic Regional Development Institute.

Costs: Direct costs are estimated at ISK 20 million a year over the period 2014-2017.

Approved by the Parliament of Iceland, 12 May 2014.