

IRELAND

Situation and key Trends: With GDP growth rate in 2003 at around 3.7% and employment growth at 2.6%, the Irish economy has performed robustly despite the recent economic slowdown. Unemployment remains significantly below the EU average, at 4.6% of the labour force in 2003, with long-term unemployment also remaining low, at 1.5% of the labour force in the same year. Analysis of poverty trends shows that the national 'consistent' poverty measure continues to fall, from 8% in 1998 to 5% in 2001. However, over the same period the 60% risk of poverty indicator has risen from 19% to 21%, the highest level in the EU, indicating continued income disparities affecting in particular elderly people, large families and lone parents – and, hence, children. Life expectancy remains low relative to other EU countries and affordability of housing and homelessness continue to be a problem.

Social inclusion: Ireland's NAP 2003-2005 involves the adoption of a range of new targets and the creation of new institutional structures. It also breaks new ground in the way it acknowledges the multi-dimensional aspects of poverty and social exclusion. There are a large number of targets that are quantifiable and time focused. A new framework to tackle social exclusion has been established, with overall co-ordination and responsibility allocated to a new Office for Social Inclusion. Given its wide remit and ambitious work programme, it will be necessary to ensure that adequate resources are applied to this Office. A wide ranging consultation process and the establishment of a Social Inclusion Forum have increased civic society involvement. The NAP 2003-2005 continues to place employment growth at the heart of the fight against poverty and both the NAP and its update submitted in 2004 details a continued development of tailored labour market measures aimed at those most hard to place in employment. Among the targets which have been set are commitments to improve the adequacy of income supports. There is also recognition of the multiple difficulties which prevent certain groups – for example, travellers and immigrants, people with disabilities, ex-prisoners and the homeless - from benefiting from the general economic and employment growth. Social problems, such as domestic violence, indebtedness, and alcohol and drug misuse, are highlighted as requiring particular attention.

Pensions: The public pension scheme provides a flat-rate pension benefit which is roughly equivalent to one third of gross average industrial earnings. The commitment expressed in the 2002 National Strategy Report to raise the value of pensions relative to earnings to 34% during the coming years still holds. A significant number of current pensioners who have not acquired sufficient contributory pension rights are entitled to the means-tested social assistance pension which is slightly less than the contributory pension. Due to increased coverage by the public pension scheme over the past decades, the number of pensioners receiving the non-means tested contributory pension is increasing. The income situation of pensioners is also expected to improve as a result of increased participation in private schemes. Such supplementary pension provision is important for most workers in order to achieve adequate income replacement.

Membership in occupational and personal pension schemes is voluntary and encouraged by a favourable tax treatment of contributions and investment returns. The government has set the target of a coverage rate of 70% and is committed to

reviewing the situation shortly. Rapid economic growth, a relatively young population and the less dominant role of public pensions, compared to other Member States, imply that the Irish public pension scheme does not face financial sustainability challenges on the same scale as many other Member States.

Challenges ahead:

- to address deficits in infrastructure and social provision, notably in relation to educational [disadvantage](#), the integration of refugees and immigrants and access to health services, in particular for vulnerable groups;
- to address [income](#) inequalities, which remain particularly high by European standards;
- to ensure the ongoing adequacy of income supports for those groups for whom labour market [participation](#) is not an option, in order to avoid their exclusion in a context of rapidly rising general living standards, and, thus, to ensure that targets set in this regard are adhered to;
- To achieve wider [coverage](#) by supplementary private schemes.