

# Ireland

## 1. SITUATION AND KEY TRENDS

2006 and 2007 saw GDP growth of 5.7% and 6% respectively, compared to an EU average of 3.1% and 2.9%. However, a dramatic deterioration in the Irish economy during 2008, driven by a collapse in the domestic housing market and exacerbated by the financial crisis, means the Commission services' January 2009 economic forecast has estimated that real GDP will contract by 2% in 2008 and 5% in 2009.

The employment rate increased to 69.1% in 2007 before contracting slightly in 2008 with a further contraction of -4% expected in 2009. The female employment rate stood at 60.6% in 2007 while the rate for older workers increased to 53.8%. Unemployment remained stable in 2006 and 2007, at 4.5% and 4.6% respectively, but is estimated by the Commission to have averaged 6.5% in 2008 and to increase further to 9.7% in 2009. Youth unemployment increased from 8.6% in 2006 to 9.2% in 2007 and it is likely that it increased further in 2008.

In 2007, 18% of the population were at risk of poverty (down from 21% in 2004), compared to an EU average of 16%. The number of children at-risk-of-poverty was the same as the EU average at 19% while 29% of those over 65 were at risk of poverty, compared to an EU average of 19%. While only 6% of employed persons were at-risk-of-poverty in 2007, the rate for those who were unemployed was 43%.

Expenditure on social protection in Ireland remained static at 18.2% of GDP between 2004 and 2007, significantly behind the EU average of 27%. This difference can be partly accounted for by the significant growth in GDP in Ireland during this period and the fact that Ireland spends proportionally less on old age due to its lower age profile and reliance on private pension provision.

Life expectancy at birth for Irish people increased to 79.7 years in 2006 (from 77.2 in 2001), with an expectancy of 77.3 for men and 82.1 for women. Life expectancy at age 65 was 18.6 in 2006, up from 18 years in 2004. Infant mortality rates have dropped to 3.7 in 2006 from 5.1 in 2003 and 6.2 in 2000. Ireland had the lowest dependency ratio in the EU in 2008 at 16.3 compared to the EU average of 25.4. Although this rate has decreased slightly from 16.4 in 2004, it is expected to rise significantly to 43.6 in 2060 (albeit still below the EU average) as a result of the projected rapid ageing of the population in the coming decades.

420 000 people, or 10% of the population, classified themselves as being of non-Irish nationality in 2006, up from 5.8% in 2002, and made up approximately 16.3% of the labour force. Although inward migration<sup>1</sup> is still occurring in Ireland, the NSR noted a 50% decrease in March 2008 compared to a year earlier while overall inward migration for 2008 is expected to be 60% less than in 2007. The report also states that non-Irish nationals face a higher risk of poverty (23.5%) than Irish nationals (16.6%).

## 2. OVERALL STRATEGIC APPROACH

The strategy adopted draws much of its focus from pre-existing plans, especially the National Action Plan for Social Inclusion, 2007 – 2016, which represents Ireland's integrated approach to social protection and social inclusion policy. The NSR incorporates a number of high level goals from the national action plan, including the adoption of a specific poverty related target.

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<sup>1</sup> Ireland uses the term 'migration' in its national report to describe the movement of both intra-Community workers and non-EU nationals.

The report was formulated before the publication of *Budget 2009*, following which the full impact of the recent economic downturn on public finances started to emerge. The budget was aimed at achieving fiscal stability while maintaining capital expenditure on critical infrastructure and protecting those who are most vulnerable. Within that context, it contained a number of changes which will have an impact on the actions outlined in the NSR including additional expenditure in priority areas, particularly social welfare and capital expenditure in the areas of health and education, coupled with cuts in other areas, such as to the capital childcare programme, the abolition of the automatic right for those aged over 70 to a medical card, and the placing of a limit on the number of language support teachers in schools. However, the economic situation in Ireland has deteriorated further since *Budget 2009* was announced and further significant cuts in public expenditure (including the public sector payroll bill) have been signalled by the Government for 2009 and 2010.

Ireland has adopted similar priority areas for achieving the three overarching objectives as in 2005, while some new initiatives that will contribute to the objectives are also mentioned, such as additional childcare places and a new national sustainable development strategy (in the context of linking to the EU's Sustainable Development Strategy). Otherwise, many of the actions described are similar to 2005 reflecting, the long-term nature of the priorities identified.

There is little description in the report of how the ESF can contribute to achieving the overarching objectives. Notwithstanding this, an ESF-funded *Equality for Women* measure has been announced since the publication of the NSR, and this will also address the issue of gender mainstreaming. In relation to governance, no specific consultation process was engaged in prior to the preparation of this report although there was an extensive consultation process in advance of the national strategies and plans, introduced in 2007, on which the report is largely based, and there was also significant consultation on the *Green Paper on Pensions*.

### **3. SOCIAL INCLUSION**

#### **3.1. Key trends**

The at-risk-of-poverty rate in Ireland fell from 21% to 18% between 2004 and 2007, just above the EU average of 16%. However, when the poverty rate is anchored at a fixed moment in time (2005), the at-risk-of-poverty rate drops to 12% (compared to EU average of 14%), reflecting the significantly above-inflation rise in median incomes during this period. The rate for older people in 2007 was 29% (compared to an EU average of 19%), down from 40% in 2004. The rate for children also decreased between 2004 and 2007, falling from 22% to 19%, the same as the EU average. Lone parents continued to have a higher than average rate at 40% in 2007 (compared to an EU average of 34%) although this fell significantly from 56% in 2004. Two-adult families, on the other hand, had at-risk-of-poverty rates below the EU average in 2007 for one, two and three-child units of 10%, 12% and 20% respectively. According to national EU SILC figures, the rate for people with disabilities fell to 37% in 2007 from 51.7% in 2003.

The relative at-risk-of-poverty gap decreased from 20.3% in 2005 to 16.4% in 2006 but rose slightly to 18% in 2007, though this remained below the EU average of 22%. The Gini coefficient reduced slightly to 31% in 2007, just above the EU average of 30%, while the ratio of income distribution was the same as the EU average at 4.8. The role of social transfers can be seen in the fact that 33% of the population were at risk of poverty in 2007 before social transfers, compared to 18% after. This 15 percentage point reduction in the at-risk-of-poverty rate compares to a 9-point reduction across the EU.

Illustrating the important role played by employment, 6% of employed people over the age of 18 were at risk of poverty (compared to 8% in EU) in 2007, compared to 43% for those not in employment (42% in the EU). 11.5% of children and 7.9% of adults lived in a jobless household in 2007, compared to 10.4% and 8.8% respectively in 2001.

### **3.2. Progress on the priorities set in the 2006-2008 National Strategy Report (NAPIncls) and the challenges identified in the 2007 Joint report**

Some progress in relation to *child poverty* has been made. There was a decrease in the at-risk-of-poverty rate, and the provision of childcare places and additional grant-aid assistance to schools to address educational disadvantage were singled out as contributing to this. Despite this progress, however, Ireland still has some distance to travel in meeting its own targets and it remains to be seen whether further progress will be hampered by expenditure cuts in this area.

Given the importance of employment, child poverty is also linked to *access to quality work and learning opportunities*. While the employment rate continued to rise for most of the period covered, this did not apply equally to disadvantaged groups such as lone parents and people with disabilities. Progress in increasing employment for these groups is dependent on implementing planned reforms to encourage participation in education, training and employment and these will, in turn, depend on putting in place the necessary supports, especially childcare and retention of secondary benefits, particularly the medical card, for people with disabilities. Improvements in the quality of employment will also depend on the full implementation of the National Skills Strategy, especially in relation to lifelong learning. Progress in relation to employment is also linked to progress in improving *access to services*. The report details developments across a range of services, many of which are targeted at disadvantaged areas and groups. Further analysis of the impact of these developments is hampered by a lack of data. In relation to the *social inclusion of migrants*, there have been a number of developments, such as the establishment of the Office of the Minister for Integration and the publication of an integration strategy. However, analysis of progress is hampered by the lack of data on migration in Ireland. The economic downturn is also having an impact on the nature of the migration challenge in Ireland as the number of people entering Ireland for employment slows and the number of immigrants who find themselves without employment increases.

### **3.3. Key challenges and priorities**

Ireland has identified the same broad policy objectives in 2008 as in 2005, reflecting the long-term orientation of the policies and progress to be made. They are:

- Child poverty;
- Access to quality work and learning opportunities (activation measures), with a focus on lone parents and people with disabilities;
- Social inclusion of immigrants;
- Access to quality services, with a focus on the Homeless.

### **3.4. Policy measures**

*Child Poverty*: The main target is to reduce the number of those experiencing consistent poverty to between 2% and 4% by 2012, with the aim of eliminating it by 2016. Although not

a specific child-related target nor framed using the at-risk-of-poverty measure<sup>2</sup>, the inclusion of an overall target is a positive step. The report sets out an integrated strategy which includes a range of actions and targets covering early childhood development and care, improving health and education outcomes and income support. In many cases implementation is already under way or at an advanced planning stage. However, whether these measures are fully implemented will depend to a great extent on the resources allocated in these changed economic circumstances. Specific targets have been set in relation to the childcare strategy and child income support against which progress can be measured. Details of funding are given for childcare investment and income support, including both universal and targeted supports, but not for the other policy areas covered.

*Access to Quality Work and Learning Opportunities:* The main aim is to target 50,000 people and reduce by 20% the number depending on long-term social welfare payments for their total income by 2016.

The main policy measures to achieve this target are active engagement with the unemployed/inactive and improving access to learning opportunities. Priority will be given to preparing people with disabilities and lone parents for education, training or employment opportunities while those workers with low skills will also be targeted. Specific quantitative targets are set for employment and training of people with disabilities and also for access to lifelong learning opportunities such as *youth reach* and *back to education* places. Despite increased income thresholds for receipt of *family income supplement* and proposals to reform the *one parent family payment*, there is a need for further progress on removing tax- and welfare-related disincentives to employment and recently commissioned research on financial disincentives for social welfare claimants of working age may help to address this. Making further progress on all of the above areas is inextricably linked to progress on other priorities, including access to services, especially childcare and other supports. The recent significant rise in unemployment in Ireland will also pose additional challenges to those outlined in the NSR, especially in terms of financial and human resources, and it remains to be seen whether this will affect the roll-out of activation measures for other inactive groups.

*Social Inclusion of Migrants:* No targets are mentioned in relation to this objective and policy measures will be focused on: facilitating participation in employment, education supports, and follow-up on the National Action Plan against Racism.

The measures outlined in the report are more strategic than before, exemplified by the appointment of an Office and Minister for Integration. This is an innovative response and has been listed by Ireland as an example of good practice. A more strategic approach by relevant Departments is also evident, in particular the Department of Education and Science. The economic downturn may also affect the nature of the challenge in relation to migration, given evidence that the number of migrants entering Ireland is falling while those who remain are being disproportionately affected by the general rise in unemployment (the proportion of non-Irish nationals claiming unemployment benefit increasing from 12% in January 2007 to 18.7% in December 2008). The lack of reference to targets for this priority is apparent, as is the lack of data available on which to base them (which is linked to a difficulty in including migrants in large scale surveys due to small sample size).

*Access to Quality Services:* No target is given for this priority although there is a list of comprehensive measures covering areas such as education, employment, health care, housing, homelessness and income support, which are targeted at the most vulnerable groups. The targeting of health-related actions at disadvantaged groups and areas is also apparent, for example, with the National Intercultural Health Strategy which has been listed as a best

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<sup>2</sup> Consistent poverty is a nationally developed indicator which measures a combination of monetary risk of poverty and material deprivation. It is the indicator used for poverty-related targets but is not comparable across the EU.

practice measure. Special attention has been given to homelessness – an area in which the report indicates progress in relation to reducing numbers (although non-government organisations working in this area dispute this). Achieving the target of eliminating long-term occupancy of emergency accommodation by 2010 will be critical in this regard. A new homelessness strategy has been developed to help achieve this but an implementation plan is now a priority. Access to employment services could become more of an issue as unemployment continues to increase, particularly for the 16 -24 cohort which has been most affected by rising unemployment.

The issue of gender is specifically addressed under this priority, with reference to the National Women's Strategy. Again, some financial allocations are included, and a breakdown of funding under the NAPinclusion and the social inclusion chapter of the NDP is given in the Annex.

### **3.5. Governance**

While the decision not to engage in a separate consultation process in advance of this NSR received some adverse publicity in Ireland, the report details an extensive consultation process undertaken in 2005, which subsequently informed the social partnership negotiations, the NDP and the 2007 National Action Plan – upon which the current NSR is largely based. In addition, extensive consultation is planned for the European Year for combating poverty and social exclusion (2010). Despite this, there is uncertainty as to the extent to which stakeholders are involved in an 'ongoing structured dialogue in all stages of the policy-making process', although the role of the social partners in the *Towards 2016* steering group is mentioned. Ongoing involvement of people experiencing poverty, or groups representing them, which are outside the social partnership structure, occurs in the annual Social Inclusion Forum.

Overall coordination of implementation and monitoring of social inclusion policy is achieved via the cabinet committee on social inclusion, chaired by the Taoiseach (Prime Minister), and a senior official group which reports to it. The Office for Social Inclusion, which will shortly be merged with the Combat Poverty Agency, is responsible for day-to-day monitoring and reporting on the implementation of these various strategies and reports to the cabinet committee. Some social inclusion policy competence has been devolved to local authorities but coordination of this is less structured than at national level.

## **4. PENSIONS**

### **4.1. Key trends**

The pension system in Ireland has two main components; the state-run social welfare system, on the one hand, and an occupational or private pension system, on the other. Reform of the pension system is largely on hold pending the publication of a new framework for pension policy, due by the end of 2008. This framework will build upon the 2007 *Green Paper on Pensions* and the subsequent extensive public consultation.

Recent changes to the pension system consisted primarily of improvements to pension rates, which increased by 16.7% in the 2005–2008 period. State pension increases are not index linked but the Government has committed to raising the level of the state pension to €300 per week by 2012, a level which would bring the rate to approximately 40% of Gross Average Industrial Earnings (GAIE). However, this target is likely to be impacted by the current budgetary situation, with an increase of just over 3% announced for the contributory pension in 2009. Recent increases resulted in the aggregate replacement ratio in Ireland increasing to 0.47 in 2006; just below the EU average of 0.49.

While all people over 65 in Ireland have public pension coverage, this is not considered sufficient to guarantee an adequate income in retirement. Instead, Government policy envisages supplementary pension cover for 70% of those at work between 30 and 65 years of age by 2013. According to the latest figures the level was 61% in 2008, up slightly from 59% in 2002. The lack of progress in meeting these targets is a key issue to be addressed in any new pension framework. Nationality is also a factor determining pension coverage; the proportion of Irish nationals aged 20–69 with private pension coverage increased to 58% in 2008 (from 53% in 2002), the equivalent rate for non-Irish nationals decreased from 34% to 28% in 2008. The disparity in coverage between the employed and self-employed has narrowed slightly, with 56% of employed persons and 46% of self-employed persons being covered in 2008, compared to 53% and 41% in 2002.

Pensions receive favourable tax treatment in Ireland, mainly to encourage private and occupational provision. Pension contributions (up to a limit of €150 000) and investment returns are tax exempt and, although tax is nominally payable when the pension is in payment, this is subject to an allowance of €20 000 per annum for a single person aged over 65, or €40 000 for a couple.

#### **4.2. Key challenges and priorities**

The 2007 Joint Report highlighted the need for Ireland to maintain pension adequacy while widening coverage and maintaining sustainability.

In relation to adequacy, recent increases mean rates of public pension provision have continued to grow in real terms. The average income of pensioners is now 34% of GAIE and the government has committed to maintaining this growth until at least 2012. These rate increases have contributed to a reduction in the number of pensioners considered *at-risk-of-poverty* (as detailed below). However, the report does not mention the adequacy of private pension provision which is especially topical given recent economic developments and the impact these could have on private pensions, especially DC pensions.

It is recognised that increasing adequacy can lead to further challenges in relation to sustainability and this issue, along with coverage, has seen little progress since 2005. The October 2007 *Green Paper on Pensions* was published with the objective of stimulating debate on the future development of pensions in Ireland and identified the ageing of the population and the sustainability of the public system as two of the most pressing issues to be addressed. The demographic challenge is exemplified by the fact that the current dependency ratio of 16.3 is estimated by the EU Commission to increase to 43.6 by 2060. This, together with the commitment to increase pension rates to address adequacy issues, will have consequences for the financial sustainability of the system, with public expenditure on pensions projected by the EU Commission to rise by 6.4 percentage points from 4.7% of GDP in 2004 to 11.1% in 2050<sup>3</sup>. While the Government continues to pre-fund this liability through the pensions reserve fund (with a market value of €16.4 billion or 8.8% of GDP as at 30 December 2008), it is estimated this will only contribute about 3% of GNP annually towards pension provision from 2050. The impact of the unprecedented falls in stock market performance could also affect the value of the NPRF. Ireland is also making slow progress in meeting its own targets for supplementary pension coverage.

#### **4.3. More people in work and working longer**

Future changes in the population structure in Ireland imply that there is a mismatch between the spending demand facing the public pension system and its ability to meet these demands. Measures being considered to address this include increasing the share of the population at work and increasing the retirement age.

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<sup>3</sup> ECFIN-EPC Report, 2006. Revised figures are due to be released by the Commission in Spring 2009.

Ireland had an employment rate of 69% in 2007 while it exceeded the EU targets for both older and female workers with rates of 54.3% and 60.7% respectively. Despite the recent increases in these rates, there is room for further improvement but this will depend on, firstly, putting in place the necessary supports such as childcare for increased female participation and, secondly, improving skills and learning opportunities for older workers. Measures adopted by Ireland in that regard have been to extend the employment action plan to the 55-64 age group and developing a systematic programme of engagement to deal with those currently at the margins of the labour market.

In addition to increasing participation rates, increasing the retirement age would allow for contributions over a longer period and could, therefore, contribute to a considerable easing of spending pressures. Although the average labour market exit age in Ireland was 64.1 in 2006, considerably above the EU average of 61, measures have been taken to increase this further, for example by abolishing the pre-retirement allowance, raising the minimum retirement age in the public service to 65 from 60 and introducing a €200 earnings disregard for those in receipt of a means-tested state pension who wish to remain in employment after age 65.

#### **4.4. Privately managed pension provision**

It is estimated that 70% of the workforce in Ireland over 30 will require supplementary pension provision by 2013 if adequacy is to be ensured (the state pension should be adequate for the remaining 30%). In 2008 it was estimated that 61% of people working aged 30–65 had such supplementary cover.

A recent trend has been for employers to opt for defined contribution (DC), as opposed to defined benefit (DB), occupational pension schemes. It is estimated that the ratio of DB to DC schemes fell from 4.5:1 in 1996 to 2:1 in 2008, mainly because of the strict funding and accounting standards that apply to DB schemes in Ireland. The danger of this trend is that the risk is effectively transferred from the employer to the employee. This risk becomes particularly apparent in the current economic climate where there is a very real danger that the value of DC schemes will not be enough to guarantee an adequate income. Some reports have suggested that managed pension funds fell by as much as 33% in 2008. The potential impact of such a fall in value particularly affects workers who are due to retire in the near future, as there will be less time for any improved market performance to make up for previous losses. However, there is also a risk to the significant number of DB schemes identified in the Green Paper as not meeting the funding standard, a situation which is likely to have worsened further since then. While such shortfalls might not be problematic in other circumstances, there is evidence that the current economic climate is placing great strain on the ability of employers to meet such shortfalls and, ultimately, on their ability to stay solvent.

#### **4.5. Minimum income provision for older people**

The adequacy of income for pensioners was identified as a challenge for Ireland in the 2007 Joint Report. The response of the Irish Government has been to continue its policy of above inflation increases in the basic rate. As a result, between 2005 and 2007 this rose by 16.7% in real terms, compared to a rise in inflation and GAIE of 9% and 8% respectively.

These increases have almost certainly had an impact on the trend in poverty rates for older people. For example, the number of those aged over 65 considered at-risk-of-poverty has declined from 41% in 2003 to 29% in 2007. Although this is still above the EU average, the gap has narrowed from 23% in 2003 to 10% in 2006. However, females continue to face a higher risk of poverty (33%) than men (24%).

#### **4.6. Information and transparency**

The Pensions Board provides information to the general public on pension provision and conducts publicity campaigns to increase awareness of the need for supplementary provision.

Both trustees and employers are obliged by law to provide pension holders with a wide range of personal and scheme information including annual reports and audited accounts. Recent changes mean trustees will be obliged to issue annual benefit statements to scheme members. Moreover, the consultation process recently engaged in and the way in which it is feeding into the development of a framework for pension policy, via the publication of a report detailing the submissions received and the options for further action, is a good example of transparent policy making.

## **5. HEALTH AND LONG-TERM CARE**

### **5.1. Healthcare**

#### *5.1.1. Health status and description of the system*

The health service in Ireland is a mix of public and private institutions and operates on the basis of residency. A medical card gives full eligibility for all GP, A&E, in-patient, out-patient, prescribed drugs, dental, ophthalmic and maternity services. Those without a medical card are eligible for some services, including in-patient and out-patient services in public hospitals. Primary health care (PHC) is delivered primarily via health centres and GPs. The health service is mainly financed through general taxation and private health insurance covers 47.6% of the population. The Department of Health and Children is responsible for the development of strategic policy while the Health Service Executive (HSE) is responsible for the management and delivery of services.

The *National Health Strategy, Quality and Fairness: a Health System for You*, launched in 2001, provides overall strategic direction. A reform programme was launched in 2003 to deliver on the goals of the strategy, primarily by reorganising and reforming the health service. Since the last report the main developments reported on include PHC and families, cancer control, acute hospitals, older people, and disability and mental health. The Offices of the Minister for Children and Youth Affairs, Disability and Mental Health and Older People have been set up to give policy direction to the respective policy areas. Some progress has been made on transferring activity from hospitals to community-based settings through expanded PHC, although much work remains to be done in that regard. A National Cancer Control Programme has been implemented, involving significant realignment of services across the country.

Life expectancy in 2006 was 79.7, up from 76.6 in 2000. The gender difference 2006 was 4.8 years (77.3 for males and 82.1 for females), a slight decrease from the 5.2 years recorded in 2000. Perinatal mortality rates were 7.9 in 2004 compared to an EU average of 6.4.

#### *5.1.2. Accessibility*

Limited progress has been made since the previous report in relation to accessibility. The proportion of the population in receipt of the medical card has remained static at 32.2%. The proportion of private income paid for health care was 21.7% in 2007. The lack of attention paid to health inequalities in the report, in terms of actions taken or improved outcomes, is striking given the concern expressed in the 2007 Joint Report concerning the substantial health inequalities that exist.

The Department of Health has committed to bringing forward a legislative framework in 2008 which will set out clear statutory provisions on eligibility and entitlement to the medical card, while improvements have also been made to assessment procedures. The government has also committed, during its lifetime, to indexing income thresholds to average earnings and allowing people with disabilities who enter employment to retain their medical card past the current limit of 3 years. However, no progress has been made on these commitments yet. A

recent government decision means that the over-70 age group will no longer have automatic entitlement to the medical card but will instead have to undergo a means test.

In relation to disability and mental health, Part 2 of the Disability Act, which concerns the automatic entitlement of people with a disability to an assessment of need, came into effect from 2007 for children under 5. It is intended that these assessments will be rolled out to other children (to age 18) by 2010.

Improving acute hospital services is also a priority and additional capital funding has been invested in this area, although firm commitments in terms of targets and time-lines are not given. The National Treatment Purchase Fund, which aims to treat patients who have been longest on in-patient waiting lists, has been further expanded with a budget of €100m in 2008, from €5m in 2002. In relation to PHC, there is an overall commitment for 500 primary care teams by 2011. Progress is, however, slow and only 87 teams have been set up, although funding for additional teams in 2008 has been provided. The overall target is being reviewed in 2008.

### *5.1.3. Quality*

The development of PHC, with access to services in the community, is one of the main measures envisaged to improve quality. Other planned developments include a policy framework for the management of chronic disease, a cancer control strategy, the continued development of mental health services, and a pre-hospital emergency care council.

In order to better inform the public, a health information strategy continues to be implemented while a Health Information Bill is also being drafted. A strategy for service user involvement in the health service has also been launched, including goals and actions for ensuring that service user/provider partnership is established. A statutory complaints procedure and a 'whistle blowing' safeguard also protect patients' interests.

Finally, a Health Information and Quality Authority was established in 2007. The aim of this body is to promote the delivery of high-quality health and personal social services by setting and monitoring standards for service delivery and by undertaking special investigations on patient safety issues.

### *5.1.4. Sustainability*

According to the OECD, total health expenditure per capita increased from \$796 in 1990 to \$3 082 in 2006, representing an increase from 6.1% of GDP to 7.5%. The EU Commission (ECFIN-EPC, 2006) has calculated public expenditure at 5.3% of GDP in 2004, below the EU average of 6.4%, and estimated that it would increase to 7.3% by 2050 (compared to an EU average of 7.9%).

The scale of recent increases in expenditure on the health sector will be difficult to sustain, particularly in current economic conditions and given the improvements in services the government has committed to, not to mention the long-term issue of the ageing of the population. This was recognised by the Minister for Finance in a recent speech in parliament where he pledged to secure savings on health sector payroll, partly through the introduction of a voluntary early retirement scheme. It remains to be seen what effect this will have on costs in the future.

In relation to personnel issues, a significant development which could have a positive impact on efficiency was the agreement of a new employment contract with medical consultants which provides that a proportion of consultants will not have any fees from private practice while others who do engage in private practice are obliged to have at least 80% public patients.

## **5.2. Long-term care**

### *5.2.1. Description of the system*

The long-term care system in Ireland includes, alongside primary and hospital care: home nursing, home help and care attendants, day centres, grants to adapt homes, therapy and rehabilitation, day hospitals, public residential care and private nursing homes. Access is based on need. Care in public facilities incurs a set charge while a means-tested grant is given to patients to pay for private nursing home care. Financial assistance for carers is available via the carer's benefit and carer's allowance schemes and the respite care grant. Care in the community is the authorities' preferred option with the aim of allowing people remain at home in accordance with their wishes. Healthy ageing (promotion and prevention at older ages) is also a stated aim. The ageing of the population and its effects on sustainability is considered one of the biggest challenges facing the Irish system.

### *5.2.2. Accessibility*

Ireland is addressing the accessibility and affordability of long-term care through the *Fair Deal* initiative. Under this system, where a person is diagnosed as being in need of long-term care, an assessment will be made of their ability to contribute to the cost of that care and the state will meet the remainder of the cost. This personal contribution will be no more than 80% of their disposable income but may also include 5% of their assets, including up to 15% of the value of a private residence. A choice can be made between any approved private or public nursing home. The legislation for this scheme was published in October 2008 and is expected to be implemented in 2009. Geographical disparities in the supply of long-term care are reported outside the NSR.

### *5.2.3. Quality*

The improvement of home care packages, including the services of nurses and therapists, is mentioned in the report although it appears that no additional funding has been provided in this area for 2009 and no details are given on the availability or coverage of such packages. The implementation of draft standards for all public and private nursing homes will begin following their consideration by the Department of Health and Children.

### *5.2.4. Long-term sustainability*

The report offers no analysis of the costs of long term care although it does acknowledge that the financial model to support any new arrangements must be financially sustainable and that further data collection and evaluation is required. The Department has committed to progressing this work later in 2008. The EU Commission (ECFIN-EPC, 2006) has estimated that the cost of providing long-term care will increase from 0.6% of GDP in 2004 to 1.2% in 2050.

## **6. CHALLENGES AHEAD**

- To continue to invest in services in tandem with welfare reforms in order to address inequalities and further reduce the risk of poverty, especially for disadvantaged groups. Continued priority should be placed on childcare, especially in relation to affordability, including for those in employment.
- To continue to address the high risk of poverty and low employment rates of certain disadvantaged groups through targeted activation and training measures as well as through tax and welfare policies that encourage such groups to take up employment.

- Given the recent rise in those claiming unemployment benefits, to monitor the adequacy of the welfare system in meeting the income support needs of this group and ensure personalised responses and timely transfer to appropriate active labour market programmes.
- To quickly adopt a pensions framework policy which will ensure pension security, adequacy and sustainability, taking account of the impact the current economic downturn is having on private pension provision.
- To make progress on tackling issues of financial and geographical access to health care, in particular through the full implementation of the planned primary health strategy and home care packages on a nationwide basis, and also in relation to the rationalisation of medical card eligibility.
- To address the sustainability of the health care system through a more efficient use of resources in general and in tackling persistent health inequalities.

## 7. TABLE WITH PRIMARY AND CONTEXTUAL INDICATORS

### 1. Employment and growth

Eurostat	GDP growth rate *	GDP per capita**	Eurostat	Employment rate (% of 15-64 population)					Eurostat	Unemployment rate (% of labour force)			
				15-64			15-24	55-64		15+			15-24
				Total	Male	Female				Total	Male	Female	
2000	9,2	131,0	2000	65,2	76,3	53,9	48,1	45,1	2000	4,3	4,3	4,2	6,8
2005	6,4	144,1	2005	67,6	76,9	58,3	48,7	51,6	2005	4,3	4,6	4,0	8,6
2008f	-2,0	140,1	2007	69,1	77,4	60,6	49,9	53,8	2007	4,6	5,0	4,2	9,2

\* Growth rate of GDP at constant prices (2000) - year to year % change; \*\* GDP per capita in PPS (EU27=100); f: forecast

### 2. Demography and health

Eurostat	Life expectancy at birth		Life expectancy at 65		Healthy life expectancy at birth (2005 instead of 2006)		Infant mortality rate	WHO - OECD	Total health exp %GDP	Public health Exp % of THE*	Out-of-pocket payments % of THE	EU-SILC	Unmet need for health care % of pop
	Male	Female	Male	Female	Male	Female							
1995	72,8	78,3	13,5	17,2	63,2	n.a.	6,4	1995	6,7	71,9	13,5		-
2000	74,0	79,2	14,6	18,0	63,3	66,9	6,2	2000	6,3	73,5	10,9	2005	2,0
2006	77,3	82,1	16,8	20,2	63,3b	65b	3,7	2006	7,5	78,3	12,4	2006	1,9

s: Eurostat estimate; p: provisional; b: break in series

\*THE: Total Health Expenditures

### 3. Expenditure and sustainability

Social protection expenditure (Esspros) - by function, % of total benefits								Age-related projection of expenditure (AWG)					
Eurostat	Total expenditure * (% of GDP)	Old age and survivors	Sickness and health care	Unemployment	Family and children	Housing and social exclusion	Disability	EPC-AWG	Expenditure (% of GDP) Level in 2004 and changes				
									(2008) Old age dependency ratio Eurostat	Total social expend.	Public pensions	Health care	Long-term care
1995	18,8	26,5	36,2	15,3	12,0	5,2	4,8	2005	16,3	15,5	4,7	5,3	0,6
2000	13,9	25,4	41,4	9,6	13,7	4,5	5,3	2010	16,7	-0,1	0,5	0,2	0,0
2006	18,2	27,4	41,1	7,6	14,7	3,8	5,4	2030	24,6	3,3	3,1	1,1	0,1
								2050	40,4	7,8	6,4	2,0	0,6

\* including administrative costs

### 4. Social inclusion and pensions adequacy (Eurostat)

At-risk-of-poverty rate				Poverty risk gap				Income inequalities	Anchored at-risk of poverty	
SILC 2007	Total	Children 0-17	18-64	65+	Total	Children 0-17	18-64	65+	S80/S20	Total - fixed 2005 threshold
Total	18	19	15	29	18	19	20	10	4,8	2005 20
male	16	-	14	24	18	-	20	10	-	2006
femal	19	-	16	33	17	-	20	10	-	2007 12

People living in jobless households				Long Term unemployment rate			Early school-leavers					
Children		% of people aged 18-59*		% of people aged 15-64			% of people aged 18-24					
Total	Total	Male	Female	Total	Male	Female	Total	Male	Female			
2001	10,4	8,8	7,4	10,2	2000	1,6	2	1	2000	N/A		
2004	11,8	8,6	7,2	10,1	2004	1,6	2	1	2004	12,9	16,1	9,7
2007	11,5	7,9	6,7	9,3	2007	1,4	1,8	0,9	2007	11,5	14,2	8,7

\*: excluding students; i: change in methodology; b: break in series

SILC 2007	Total	Male	Female	SILC 2007	Total	Male	Female
Relative income of 65+	0,69			Aggregate replacement ratio	0,47	0,41	0,53

### Change in theoretical replacement rates (2006-2046) - source ISG

Change in TRR in percentage points (2006-2046)						Assumptions				
Net	Gross replacement rate					Coverage rate (%)		Contribution rates		
Total	Total	Statutory pensions	Type of statutory scheme*	Occup. & voluntary pensions	Type of suppl. scheme**	Statutory pensions	Occupational and voluntary pensions	pensions (or Social Security)	Estimate of current (2002)	Assumption
-11	-10	-2	DB	-9	DC	100	55	9,5	10-15	6,4

\*(DB: Defined Benefits; NDC: Notional Defined Contributions; DC: Defined Contributions); \*\* (DB/DC)