

European Employment Policy

Working Group on Adaptability Ireland
Report

Berlin, December 8th 2003

Overview of the Economy

The 1990s was a period of unprecedented economic success in Ireland:

- Average GDP growth 9.3% per annum
- Average GNP growth of 8.3% per annum
- Increase of 43% in the level of employment
- Unemployment fell from 15.9% to 4% in 2001

2000-2002

The period 2000 to 2002 is less buoyant:

- Sharp slowdown in economic growth
- Inflation increased especially in services
- Slowdown in growth has contributed to a deterioration in the public finances

Social Partnership

The Irish Social Partnership process:

- Established at an extremely difficult time
- Involves a combination of consultation, negotiation and bargaining
- Dependant on a planned understanding of the issues

The contribution of Partnership

- Helped to develop trust between the Government and the social partners
- Created a climate of certainty and stability leading to favourable economic conditions
- Reforms were presented as part of an overall programme – specific reforms met with less resistance
- Enabled Government and social partners to engage in discussions on change issues- taxation, training, ALMPs

Partnership at the level of the Enterprise

Pay and Taxation

- Agreements designed to keep pay increases low in return for reductions in taxation:
 - Led to reductions for middle/lower income brackets leading to major improvements in take home pay
 - Introduced more equitable tax credits which was of proportionately greater value to those on lower pay
 - Created an improved Industrial Relations climate with fewer strikes/days lost and a greater openness to change

National Centre for Partnership and Performance

Facilitate and promote change in the workplace
through:

- Partnership agreements
- Working Time arrangements
- E-working

Investment in Human Capital

- Overall Education Model
- FÁS Training
- Expert Group on Future Skills Needs
- Skillnets

Expert Group on Future Skills Needs

- Aimed to identify the skills need of different sectors and to advise on actions to address them
- resulted in greater Government investment and increased participation in relevant disciplines at 3rd level colleges and FÁS training courses
- enabled Ireland to respond to the needs of industry and also helped attract FDI

Regulatory Reform

- Reform and modernisation of company law
- Simplification of the companies code and company incorporation and registration process
- Consolidation of competition and tax laws
- Report on Regulatory Reform