

IRELAND

Growth in GDP per capita over the past decade, albeit not fully matched by real income gains, has been the fastest in the OECD. However, there is scope to raise labour force participation, and further efficiency gains can be achieved in some areas.

Policy priorities

Strengthen work incentives for second earners and lone parents with young children

Challenge and recommendations: To raise the female participation rate, it was recommended that the financial incentives for low-income women to work be improved, childcare support be tied to employment and job-search assistance for lone parents be provided.

Actions taken: The Equal Opportunities Childcare Programme has substantially expanded childcare provision, and the Early Childcare Supplement was increased in the 2007 Budget, although neither measure ties support to employment. The Employee Tax Credit has risen more rapidly than earnings. This, and other budget measures, has reduced the number of lower-income households paying tax.

Strengthen competition in network industries

Challenge and recommendations: To lower prices and reduce bottlenecks that hold back growth, it was recommended that electricity generation and transmission be separated, competition in the telecommunications sector be encouraged and bus routes be liberalised.

Actions taken: Operation of the electricity transmission grid has been transferred to a new state-owned company, EirGrid, and an Energy White Paper proposes to transfer full ownership of the grid to the new company. A very limited introduction of competitive tendering for buses has also been proposed, only covering new routes in Dublin.

Improve access to education

Challenge and recommendations: To improve skills, it was recommended that pre-primary education be generalised from the age of three, that efforts to help children with learning difficulties be stepped-up and tertiary education funding be increased by levying tuition fees backed by student loans with income-contingent repayment.

Actions taken: The National Development Plan for the years 2007 to 2013 includes additional spending on training for specific groups with low skills and education support for those of working age. Funds will also be allocated to modernise primary and secondary level schools, as well as tertiary education.

Improve infrastructure

Challenge and recommendations: To remove bottlenecks to economic growth, it was recommended that infrastructure gaps be closed in a cost-efficient way. This would be supported by speeding up the planning process, fully charging users of water and sewage services, and introducing a congestion charge in Dublin.

Actions taken: The National Development Plan for the years 2007 to 2013 sets out plans for additional investment of just under EUR 90 billion (at current prices) on economic and social infrastructure.

Enhance R&D spending and innovation

Challenge and recommendations: To enhance the effectiveness of R&D activities and boost innovation, it was recommended that the governance of research institutions be improved and programmes be streamlined to concentrate on a few centres of excellence.

Actions taken: Additional spending on innovation activities has been proposed in the new National Development Plan.