

Speech by the Taoiseach, Mr Bertie Ahern, T.D, at the launch of the Government Green Paper on Pensions in Government Buildings

Wednesday 17th October, 2007 at 1.00pm

I am delighted to be here today to launch the Government's Green Paper on Pensions, along with the Tánaiste and the Minister for Social and Family Affairs.; My colleagues will each say something about the importance of this development from their particular perspectives. However, I would like to say a few words from a whole-of-government point of view.

Re-think ageing

Firstly, I believe that we should begin to think differently about ageing and the increasingly older profile of our population. If we are living longer, more productive and healthier lives, this is good news, something to be welcomed, it marks the medical and social progress of our era. There must be opportunities for us as a society and economy and not just the gloom about the costs of ageing.

In other words, we do not have to look at the demographic curve as a looming problem. Yes, there are challenges to be faced in terms of health and social care provision - in terms of scale and cost. And equally, there are challenges for the workplace in terms of re-skilling and equipping people throughout longer working lives and in terms of replacing staff and succession planning. But perhaps we are losing sight of the fact that the workplace is changing too, so that, through technology and more flexible employment relationships, we will be able to tap into the abilities of our working population in different ways, and for longer periods of time.

Now that we are living fuller, longer and more productive lives, we need to shift our thinking. Let us look at how we can create advantage from demographic trends to enhance the quality of life of individuals.

These are big issues arising from ageing for society, of which pensions is only one element. Clearly, we need further analysis and a stronger evidence base to inform our thinking around these issues and to inform our policy choices. The future to 2030, 2040 or 2050 is uncertain. So, we need to prepare for a variety of futures and adjust our policies as the decades progress and as economic growth, life expectancy, immigration and other assumptions play out.

I hope that today's launch marks a start in that direction by initiating a dialogue on pensions; but recognising that complex as they are, pensions are only one element in shaping our future.

Importance of Social Partnership

This Green Paper on Pensions meets an important commitment made by the Government. It is a commitment that was also underscored in 'Towards 2016', the current Social Partnership agreement.

As part of the Towards 2016 Agreement, a Partnership Pensions Review Group was put in place to engage in dialogue with employers and unions around pensions issues. In addition

to its valuable contribution to the debate as the Green Paper was being formulated, the Group also oversaw the production of a key input to the Green Paper in the form of a Review of the Irish Annuities Market which is also being published today and is available on my Department's website [www.taoiseach.ie]. Working also with the Pensions Board, the Group has overseen the publication of a guide to hybrid DB/DC schemes; and it continues to look at options as to how to make provision for pensions under Transfer of Undertakings legislation.

It is a measure of the strength of social partnership that we are able to initiate and contribute to the debate around these multi-dimensional issues in a constructive, inclusive way. Partnership is about finding a balance. The pensions issue is a challenge which will be facing us for decades to come and will require a fair and flexible approach.

There are very significant cost considerations for Government, and for employers and employees attaching to all of the options identified in the Green Paper. There are also social implications and obligations that must be factored into our thinking as we develop a sustainable and fair framework for pensions.

The best way of achieving that is to ensure diverse voices are heard and to build further on the social partnership approach.

Fairness in pension provision

Adequate pension provision is an important issue because of the changing nature of our society. We now live longer. We quite rightly have higher expectations about our quality of life. We currently have about 6 working persons for every person over 65 years. However, by the year 2050, that ratio is projected to be about 2 working persons for every person over 65 years. By 2050, social welfare and public service pensions will have risen from 5% of GDP to 13% of GDP. These are the challenges that we must address now. Either we begin to provide for our own pension needs or we ask our children and grandchildren to bear the full cost.

For me, it is a question of fairness. We must ensure that the burden of provision is spread across the generations. But we must also ensure that the benefits of an adequate income at the latter stages of life are available to everyone. That is why, for example, the Government is committed to increasing the basic State pension to at least €300 by 2012. We are also aiming to secure a level of retirement income from all sources of at least 50% of pre-retirement earnings.

As a society in transition, we have greater diversity than ever before and there are new dynamics at play. These dynamics are exciting and carry many possibilities, but they also carry risks.

The key challenge overall is to ensure that "diversity" does not become "divergence". We simply cannot allow excessive gaps to develop between groups in society. This is true whether the gaps are based on race or nationality or gender or the housing estate that you come from. Similarly, we must not exclude large numbers of retired people from the lifestyle and opportunities available to those in active employment .

A lot of wealth has been generated in this country in recent years.

A lot more is going to be created in the coming years. Not everyone is in a position to contribute actively to the generation of that wealth. This does not mean that they should not enjoy a decent standard of living, a degree of independence and a sense of dignity. These are not things that show up on the balance sheet but they are essential to a progressive society.

Pensions framework needed

Today's Green Paper launch marks the beginning of a dialogue. I hope that all stakeholders will get involved. In the final analysis, a workable pensions framework will be a blend which will involve the Government, employers, employees and wider civil society.

And it will be a framework of inter-linked measures, not a single piece of legislation or one particular intervention, that will be needed to underpin pension provision for future generations.

In the meantime, we have taken a major step forward today with the publication of this Green Paper. I thank all of those who have contributed to the dialogue and the research in the lead up to today's launch, including the Pensions Board, officials from a number of Departments, the social partners and the pensions industry and representative bodies.

I encourage all stakeholders to actively engage in the consultation window that has now opened. It is not an easy topic to engage with, but it is crucially important to our future sustainability that we more actively manage this issue and do not sleepwalk towards a major pensions crisis. The good news is that we have a bit more time on our side than some other countries whose populations are ageing faster than ours.

My Government colleagues and I will be monitoring the debate with close interest and we look forward to moving from options to a framework for action later next year.

Thank you.

ENDS