



Ireland Report

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Sustainable Governance Indicators 2017

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Executive Summary

The Irish economy continues to grow with both GDP and GNP expected to grow by 4.5% in 2016. While this could indicate a substantial deceleration in economic growth, down from an official GDP growth rate of 26.3% and GNP growth rate of 18.7% in 2015, this would be misleading. Paul Krugman has described the 2015 figures as “leprechaun statistics,” which should not be accepted uncritically. The 2015 figures were inflated by changes to statistical reporting procedures combined with the onshoring effects of multinational corporations transferring intangible assets to Ireland and the increase in aircraft leasing by companies in the International Financial Services Center. When these effects are removed from the national income and expenditure accounts, the Central Bank of Ireland estimates that the GDP growth rate was around 6% in 2015.

In 2016, key macroeconomic indicators were strongly positive with consumption expenditure (4%), investment expenditure (14%) and exports of goods and services (5.6%) all showing significant growth rates. Inflation is expected to have risen by only 0.2%, while the unemployment rate has fallen to 7.2% from 15% in January 2012.

Unlike the 2016 government budget, which contained significant income tax reductions for lower- and middle-income earners as well as modest increases in social welfare spending, the 2017 government budget contained few substantial tax reforms. The total budget adjustment was €1.3 billion, weighted 3:1 between increased government expenditure and reductions to tax revenue. From mid-March 2017, state pensions will increase by €5 a week and the lowest three rates of the Universal Social Charge will be reduced by 0.5%, while the only indirect taxation increase involved an extra 50 cent duty on a packet of twenty cigarettes.

Nevertheless, the 2017 government budget indicated a continued commitment to reducing the budget deficit from 0.9% in 2016 to 0.4% in 2017. The Minister of Finance, Mr. Noonan, committed to saving an additional €1 billion per year from 2018 onwards and running a budget surplus from 2019 onwards. Consistent with this long-term fiscal conservatism, the government targets a reduction in the structural budget deficit from 1.1% of GDP in 2017 to 0.5% in 2018.

The government's commitment to achieving a budget surplus will improve the debt-to-GDP ratio. During the Irish economic crisis, government debt reached as high as 120% of GDP, but had fallen to 76% of GDP by 2016. However, this reduction in the proportion of debt-to-GDP is partly attributable to irregularities in the calculation of Ireland's GDP figures for 2015 and 2016. Nevertheless, the government's long-term aim is to reduce government debt to 45% of GDP by the mid-2020s, well below the Maastricht target of 60% of GDP. This demonstrates a commitment to protecting a small open economy from wild fluctuations in international markets and global economic shocks.

Changes to government tax and expenditure introduced in the recent government budget reinforce the progressive nature of the Irish tax and welfare systems. These changes include a modest increase in the government contribution toward addressing issues of deprivation and social exclusion that had figured in recent public debate.

Overall, Ireland's improved economic performance is attributable to good policy decisions and favorable external conditions, including the weakness of the euro, the collapse of energy costs, the persistence of historically low interest rates and a strong inflow of foreign direct investment.

However, it is ironic that in a country noted for high levels of rainfall, the supply of water became a contentious issue in the 2016 general election. The government's mishandling of the issue enabled populists to gain parliamentary seats at the expense of Fine Gael and the Labour Party.

Key Challenges

Against a background of impressive macroeconomic performance, two challenges emerged during 2016, namely the proposed withdrawal of the UK from the EU and President Donald Trump's proposed reduction to the US corporate tax rate. These challenges will test the stability of the Fine Gael-led minority government, which is dependent on Fianna Fáil, Ireland's second largest party, abstaining on parliamentary votes of confidence. The minority government of Fine Gael is also supported by nine independent members of parliament.

On 23 June 2016, the UK electorate voted in favor of the UK's withdrawal from the EU. If the UK does leave the EU, it will have enormous political and economic implications on the Republic of Ireland. The Republic of Ireland is

the only EU country to share a land border with the UK. This could involve the restoration of border controls between the Republic of Ireland and Northern Ireland, which is part of the UK, requiring passport and trade regulations between the south and north of Ireland. This would undermine the peace process still being implemented in Northern Ireland, which was facilitated by the effective removal of barriers to movement and trade between the Republic of Ireland and the UK.

The economic implications are equally serious with the UK accounting for 14% of Irish exports, although the proportion of Irish exports destined for the UK has fallen in recent years. This approach needs further consideration. First, the diversification of exports to non-UK countries is often overlooked in the face of the strong growth in high-tech and pharmaceutical exports from Ireland to countries other than the UK. Second, the UK still accounts for over 40% of Ireland's agricultural exports with more than 50% of beef and pork, and 84% of poultry exports destined for the UK.

The scale of the second key challenge will depend on how multinational corporations currently based in Ireland respond to the proposed reduction in the US corporate tax rate. Though multinational corporations employ only 200,000 out of a work force of 2 million people in Ireland, their activities have a significant influence on the overall performance of the economy. Multinational corporations have sizeable interlinkages within the services sector, particularly with law and accountancy firms. In addition, the construction industry has benefited from the increased demand for new factories, offices and housing. Ireland's low 12.5% corporate tax rate has been a key factor in attracting multinational corporations to Ireland. However, President Donald Trump has stated his intention to reduce the US corporate tax rate from 35% to 15%. The aim of this proposal is to encourage US multinational corporations to transfer externally held profits to the United States. The challenge will be whether this will reduce foreign direct investment into Ireland or worse induce multinational corporations to transfer activities from Ireland to the US.

Furthermore, Ireland has to be particularly aware of increasing international pressure for greater transparency regarding the tax agreements between multinational corporations and its national tax authorities. On 30 August 2016, the EU's Competition Commission found that Apple had unfairly benefited from selective treatment by Ireland's tax revenue commissioners in 1991 and 2007.

These challenges will have to be addressed by a minority government. On 6 May 2016, the first minority government since 1997 was formed by Taoiseach

Enda Kenny. The Fine Gael-led minority government replaced the Fine Gael-Labour Party coalition government that had taken office in March 2011. Public debate around the 2011 general election had focused on the four crises that had enveloped the economy between 2008 and 2011, namely the property market crash, banking collapse, fiscal downturn and financial crisis. In the 2011 general election, a dissatisfied electorate had voted against Fianna Fáil and its coalition partners, and in favor of Fine Gael and the Labour Party. Together Fine Gael and the Labour Party won 113 out of 166 or 68% of parliamentary seats, the largest majority of any Irish government.

During the 2016 general election, the Fine Gael-Labour Party coalition lost a combined 57 seats having campaigned under the slogan “let’s keep the recovery going.” Fine Gael lost 27 seats, while the Labour Party lost 30 seats. Fianna Fáil, the *bête noire* of the electorate in the 2011 general election, regained 25 seats and Sinn Féin, an Irish republican party, increased its number of seats to 23. The election also marked the further rise in the number of independents to 23 seats and marginal parties, including the Anti-Austerity Alliance–People before Profit (6 seats), the Social Democrats (3 seats) and the Greens (2 seats). The 2016 general election was characterized by the high level of fragmentation of the party system with historically low levels of support for the three largest parties. The combined proportion of votes won by Fine Gael, Fianna Fáil and the Labour Party dropped to 56% from a long-term average of 84%.

Nevertheless, the two leading center-right parties, Fine Gael with 49 seats and Fianna Fáil with 44 seats, had sufficient seats to form a government and Enda Kenny offered his Fianna Fáil counterpart, Micheal Martin, a full partnership government. However, initial discussions failed and eventually, over two months after the general election, Fianna Fáil agreed that it would abstain on parliamentary votes of confidence until the end of 2018 with a provision to renew this arrangement. This enabled Enda Kenny to form a Fine Gael minority government with the support of nine independent members of parliament, three of whom were given senior ministerial positions. At the time of writing, it is too early to assess the stability of the Fine Gael minority government.

Citation:

Central Bank of Ireland Quarterly Bulletin, 04, October 2016.

Economic and Social Research Institute Quarterly Economic Commentary, Winter 2016.

For political events see: Michael Gallagher and Michael Marsh (2016, eds), *How Ireland Voted 2016: The Election that Nobody Won*. London: Palgrave Macmillan

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 8

In 2015, Ireland's headline GDP growth rate was 26.3% and GNP growth rate was 18.7%, according to Ireland's Central Statistics Office. The magnitude of these growth rates is largely due to multinational corporations transferring intangible assets (i.e., intellectual property rights) to Ireland.

The transfer of intellectual property rights to Ireland created an onshoring effect, which meant that multinational corporations could allocate the profits to external activities to their Irish operations. In particular, a small number of multinational corporations have been engaged in contract manufacturing. In other words, these multinational corporations have contracted foreign manufacturers to produce commodities for which the intellectual property rights were transferred to Ireland. The Irish-based multinational corporation pays the foreign manufacturer a fee, but the profit accrues to the owner of the intellectual property in Ireland and is attributed to Ireland's GDP.

The combined effect of onshoring intellectual property and contract manufacturing was the most significant driver of the 2015 increase in GDP, and for the revised growth rates of 8.5% for GDP and 9.2% for GNP in 2014. A secondary driver of these growth rates was the rise in aircraft leasing operations financed in the Irish Financial Services Center (IFSC).

Recently the Economic and Social Research Institute noted that Gross Value Added (GVA) in the industrial sector more than doubled in 2015 with nominal GVA increasing from €41 billion in 2014 to €92 billion in 2015. Although most production took place outside of Ireland, because the intellectual property rights were registered in Ireland production gains were attributed to Ireland (ESRI Quarterly Bulletin, Autumn 2016: 17).

However, changes to the European System of Accounts in 2010 and other statistical reporting procedures had the effect of inflating GDP and GNP growth for 2014 and 2015 in Ireland. Due to the substantial increases in GDP and GNP for 2015, Ireland became a target of criticism for the international media. Yet, because of the new accounting conventions, these statistical effects cannot be removed from the official national income accounts.

Nevertheless, the Central Bank of Ireland and the Economic and Social Research Institute (ESRI) have attempted to remove the combined effects of onshoring, contract manufacturing and aircraft leasing activities to provide a more accurate calculation of Ireland's economic performance. For 2016, the Central Bank of Ireland calculates that the GDP growth rate was 4.5% and GNP growth rate was 4.5%, while the ESRI calculates that the GDP growth rate was 4.3% and GNP growth rate was 4.1%.

The rapid improvement in the fiscal situation has been aided by the continuation of several favorable external developments, such as the fall in the euro exchange rate against the dollar, lower imported energy costs, relatively rapid growth in US and UK markets that are particularly important for Irish exporters, and the continued low interest rate environment in the EU. International financial markets rapidly revised their view of the Irish economy as growth resumed and now show confidence in the soundness of Irish fiscal policies, as reflected in the fall in the yield on long-term government debt (ten-year bonds), which fell from more than 14% in July 2011 to 0.39% in September 2016. The sale of €4 billion of twenty-year bonds - constituting 40% of the National Treasury Management's targeted debt issue for 2017 - at an interest rate of 1.73% at the start of 2017 is further evidence of the confidence of the international financial sector in the Irish economy.

Citation:

Budget 2017 and related background documents are available here:

<http://www.budget.gov.ie/Budgets/2017>

Economic and Social Research Institute Quarterly Economic Commentary, Autumn 2016

Labor Markets

Labor Market
Policy
Score: 7

Ireland's rapid economic growth since 2014 has been reflected in an improving labor market situation. From a peak of 15% in 2012, the unemployment rate fell to 7.2% in the December 2016. The seasonally adjusted number of unemployed people was 157,700 in December 2016, a reduction of 35,500 people from December 2015. The youth unemployment rate fell to 14.5% (16.5% male unemployment and 11.4% female unemployment).

The composition of the labor force has shifted significantly away from relatively low-skill construction work toward higher-skill service and advanced manufacturing jobs.

Some active labor market strategies, such as making unemployment support payments increasingly contingent on evidence of active job search, have contributed to these favorable developments. However, there have been no dramatic changes in dismissal protection or collective bargaining agreement procedures. In addition, the present government restored earlier cuts in the minimum wage. On balance, therefore, the evidence points to a return to rapid economic growth as the main factor behind the improvement in labor market outcomes.

Citation:

"The Impact of Training Programme Type and Duration on the Employment Chances of the Unemployed in Ireland" by Seamus McGuinness, Philip J. O'Connell, Elish Kelly, *Economic and Social Review*, Vol. 45, No. 3 (Autumn 2014).

Taxes

Tax Policy
Score: 7

The goal of fiscal consolidation has had to be given a high priority in formulating tax policy over recent years. The burden of direct taxation was increased after the country's financial collapse and a new local property tax was introduced in 2012.

In view of the rapid improvement of the country's fiscal situation, and the approaching 2016 general election, it was hardly surprising that the 2016 budget contained no tax increases (apart from a rise in the excise on tobacco products) as well as a significant reduction in the Universal Social Charge (USC), which is levied in addition to income tax. Incomes over €70,000 did not benefit from this change, which further increases the progressiveness of this levy. After the budget reforms are implemented, it is estimated that the top 1% of income earners will pay 21% of all income tax, while the bottom 76% of income earners will pay only 20% of the total. The new local property tax is steeply progressive with respect to property values.

The 2017 budget included few substantial tax reforms. Though the small reduction to the USC and the commitment to lower it further in future budgets indicates the Fine Gael-led government's concern with the burden of direct taxation on taxpayers.

The openness of the economy and relative ease of cross-border shopping and smuggling dictate that the main indirect taxation rates be aligned closely with those in the United Kingdom.

The indirect tax system is less progressive than the income tax and property-tax systems, and weigh relatively heavily on those in the lowest deciles of the income distribution. This is due, to a significant extent, to the heavy excise taxes on alcohol and tobacco products, expenditure on which looms relatively large in poorer households' budgets, as well as to the larger proportion of income saved by those on higher incomes.

Ireland has long relied on a low corporate tax rate as an instrument to attract foreign direct investment (FDI). This policy has been highly successful and is supported across the political spectrum. However, it has attracted an increasing volume of hostile comment from critics in foreign jurisdictions who assert that some features of the way Ireland taxes corporations constitute “unfair” competition and encourages profit shifting by multinational corporations. The OECD published a detailed report on this topic in October 2015. In an initial response to this report, Budget 2016 introduced a requirement that multinational corporations with Irish parent companies must file country-by-country reports on their income, activities and taxes beginning 1 January 2016. This information may ultimately be confidentially shared with foreign tax authorities.

In October 2015, the European Commission delivered long-awaited judgments ruling that the tax deals between the Netherlands and Starbucks as well as Luxembourg and Fiat constituted illegal state aid.

Citation:

Budget 2016 contains an annex that discusses the progressiveness of the Irish tax and welfare system in some detail:

<http://www.budget.gov.ie/Budgets/2016/Documents/Budget%20Book%202016%20-%20full%20document.pdf>

The conclusion is reached that “it is evident that, compared to other countries, the Irish tax and welfare system contributes substantially to the redistribution of income and a reduction in market income inequality. The income tax system is more progressive relative to comparator countries with the tax burden from income tax and USC falling in large part on households with the highest incomes.”

See also Donal De Buitléir,

<http://www.publicpolicy.ie/wp-content/uploads/Budget-2013-Progressivity-of-Irish-Income-Tax-System1.pdf>

and

Michael Collins

<http://www.nerinstitute.net/research/total-tax-estimates-for-ireland/>

For a review of how the burden of the adjustment during the period of ‘austerity’ was distributed by income class see

John FitzGerald,

<https://www.esri.ie/UserFiles/publications/RN20140204.pdf>

The OECD report on Base Erosion and Profit Shifting is available here

<http://www.oecd.org/tax/beps-reports.htm>

Budgets

Budgetary Policy
Score: 7

Progress toward correcting budget imbalances has continued to outpace projections. The general government deficit fell to 0.9% of GDP in 2016 and is forecasted to fall to 0.4% in 2017.

The most recent data show that the national debt-to-GDP ratio, which peaked at 120% in 2013, fell to 76% of GDP in 2016. Moreover, this projection does not account for the sale of the government's stake in those banks taken into state ownership during the crisis.

Ireland's fiscal situation is now sustainable. Experience over the past four years has confounded the view that Ireland could not return to sustainable economic growth while undertaking a regime of fiscal austerity. The country's adjustment should be regarded as an example of successful "expansionary austerity."

Leaving aside the ever-present possibility of adverse external shocks, the main risk now facing the Irish economy is that the government, following record tax returns, will encounter increasing demands from public sector trade unions to increase public sector expenditure and in particular public sector remuneration.

Citation:

For projections of Ireland's national debt see:

<http://www.ntma.ie/business-areas/funding-and-debt-management/debt-profile/debt-projections/>

Research and Innovation

R&I Policy
Score: 7

While government policy is supportive of research and innovation by indigenous firms, the most striking success of Irish industrial policy has been in attracting foreign-owned firms in high-tech sectors to Ireland. This trend continued during the economic crisis. Indeed, the inflow of FDI in the IT and pharmaceutical sectors contributed significantly to the economy's strong recovery. The location of these firms in Ireland has created opportunities for innovative small Irish firms to develop technological inputs to supply them.

Ireland's overall information and communication technology (ICT) readiness continues to lag behind most other northern and western European countries as well as Israel. Nonetheless, the World Economic Forum's Competitiveness Report for 2014 ranked Ireland 12th worldwide in terms of "technological readiness," a rise from 17th place in 2012. This rank was maintained in the 2015 report. The Global Enabling Trade Report for 2016 ranked Ireland 20 out of 136 countries in the Enabling Trade Index 2016.

The so-called double Irish tax facility, which provided significant tax incentives for multinational corporations to attribute intellectual property income (wherever its origin) to their Irish subsidiaries, was abolished in the 2015 budget in order to avert EU penalties over illegal state aid to industry. In the 2016 budget, the minister for finance announced some details of a new “knowledge box” scheme that will partially replace this facility. This will provide a 6.25% corporate tax rate on profits arising from “certain patents and copyrighted software which are the result of qualifying R&D carried out in Ireland.” The Irish government intends to remain in the forefront in the competition to attract R&D-intensive investment.

Global Financial System

Stabilizing
Global Financial
Markets
Score: 6

Ireland’s situation as a member of the euro zone and of the European banking system needs to be taken into account. This has involved substantial surrender of national sovereignty and autonomy in financial policy to the European Central Bank (ECB).

Ireland received only marginal relief on the debt burden it incurred to avert a European-wide banking crisis in 2008. However, in September 2014, euro zone finance ministers agreed to allow Ireland to refinance its debt based on its dramatically improved credit rating. This enabled it to use funds raised on the international bond market at interest rates near 2% to retire IMF debt carrying interest rates of close to 5%.

From evidence presented at the public hearings of the Oireachtas Banking Inquiry in 2015 and published in the Committee of Inquiry into the Banking Crisis’s Banking Inquiry Report 2016, it is clear that the ECB pressured Irish authorities not to “bail in” the bondholders of Irish banks that had failed. The motivation for this was to avert impairment of the balance sheets of German and French banks, which were significant investors in these Irish banks. It is contended in the report that the ECB exceeded its authority in pressuring one country to bear the cost of shielding banks in other euro zone countries from the consequences of their imprudent investment decisions. Jean Claude Trichet, the then president of the ECB, refused to give direct evidence to the Inquiry on the grounds that the ECB is accountable to the European Parliament and not to national parliaments. He did, however, take questions from members of the Inquiry and defended his 2008 actions at a public lecture he delivered in Dublin in April 2015.

Citation:

Committee of Inquiry into the Banking Crisis (Banking Inquiry Report), January 2016.

Donal Donovan and Antoin E. Murphy The Fall of the Celtic Tiger Ireland and the Euro Debt Crisis

(Oxford University Press, 2013; paperback 2014)

A posthumous biography of or tribute to the man who was Minister for Finance in 2008 sheds light on the interaction between Ireland the European institutions during the banking crisis:

Brian Lenihan in *Calm and Crisis* edited by Brian Murphy, Mary O'Rourke and Noel Whelan, Irish Academic Press 2014

II. Social Policies

Education

Education Policy
Score: 6

The evidence indicates that the Irish education system is average or slightly above average by western European standards. The most-frequently voiced concerns relate to levels of mathematics skills and lack of proficiency in foreign languages, as well as an overemphasis on the Irish language.

Some employers claim that the output of suitably qualified and skilled graduates from the second and third levels of the education system is inadequate, especially in the high-tech areas. Nonetheless, many firms that invest in Ireland list the quality of the education system and the skills of the labor force among the principal attractions for relocating here.

The fairness of the allocation of public resources for education is open to question. The resources allocated per pupil or student increase steadily the higher up the educational scale one goes, but access becomes more dependent on social class.

The two-tier structure of the secondary education system is controversial. A minority of pupils (about 10%) attend fee-paying schools where state support is augmented by the revenue from fees that can amount to €6,000 a year. These schools are socially exclusive and achieve higher academic results and higher progression rates to tertiary education than non-fee-paying schools. It is argued that the state should not subsidize institutions that perpetuate inequality in the education system. Most of these schools face excess demand for places, and have come under pressure to establish more transparent and equitable criteria for selection of pupils for entry.

Irish students at tertiary institutions are not charged fees for most undergraduate courses. However, the “student contribution” charged rose from €2,500 in 2014 to €3,000 in 2015. There is also a lack of investment in pre-primary education.

Teachers' and university lecturers' salaries are relatively high in Ireland by international standards. However, class sizes tend to be large and the education system is somewhat biased toward lower-cost areas, such as liberal arts, law and business studies, and away from higher-cost areas, such as engineering and science.

Social Inclusion

Social Inclusion
Policy
Score: 7

During the recession, Irish social and economic policy continued to place a high priority on poverty reduction. The poorest groups in society were protected from the worst effects of the recession. Although the rise in the unemployment rate and the fall in the employment rate drastically reduced household income for many, the real value of the principal social welfare payments has been protected in successive budgets since 2008 over a period when the take-home pay of those in employment fell significantly. Public spending on social protection rose to a peak of 11.0% of GDP in 2011, but had fallen to 9.4% in 2015 as economic growth resumed and the unemployment rate fell. However, the aging population structure continues to push up the cost of the state pension scheme.

Recent budgets have made no significant changes to the structure of the system of social protection. The most recent published results of the EU Survey on Income and Living Conditions (SILC) show that while the incidence of poverty rose from 14.1% in 2009 to 16.5% in 2012, it fell to 15.2% in 2013. However, the incidence of consistent poverty rose from 5.6% in 2009 to 7.7% in 2012 and continued to rise, to 8.2%, in 2013.

The incidence of homelessness is on the rise in the country's principal cities and towns. The virtual cessation of residential construction since the crash of 2008 combined with a recovery in house prices and rents since 2013 have made affordable housing increasingly difficult to obtain, especially in the Dublin area. The government responded to the growing public concern about these problems by increasing the 2016 budget allocation to social housing and asking the National Asset Management Agency (NAMA) to rise to the challenge of providing 20,000 new residential units from its resources by 2020. However, many have been disappointed by the scale of this response relative to the magnitude of the problem.

In the 2016 budget, first steps were taken to restore the funds available for the education and support of people with intellectual disabilities that had been cut during the crisis period.

Health

Health Policy
Score: 5

Quality:

The public perception of the Irish public-health system remains very negative due to the publicity received by numerous cases of negligence, incompetence and lack of access. However, objective indicators of health outcomes are relatively good in Ireland and continue to improve. This despite the increased level of obesity, problems with excessive alcohol consumption, continuing fairly high levels of smoking and the pressure on health budgets.

The length of waiting lists for many hospital procedures and the number of hospital patients who have to be accommodated on “trolleys” (or gurneys) continue to be serious problems and attract vociferous negative publicity. Monthly data are now published on these waiting lists by the Health Services Executive; their reduction has been (repeatedly) declared a government priority.

Inclusiveness:

The Irish health care system is two-tier, with slightly more than half the population relying exclusively on the public-health system and the rest paying private insurance to obtain quicker access to hospital treatment. However, the rising cost of private health insurance is leading to a steady increase in the number of people relying on the public system.

The introduction of universal health insurance had been declared a government priority, but in October 2014 the newly appointed minister for health expressed his opinion that this target was “too ambitious” to be achieved over the coming five years. During 2015, however, general practitioner care was made available free of charge to those in the population under 6 and over 70, regardless of income. In the 2016 budget this was extended to all children under the age of 12. This budget also significantly increased the funds available to the public-health system, although cost overruns and financial strains will undoubtedly continue to plague the system.

Cost efficiency:

The Irish health system is costly despite the favorable (that is, relatively young) age structure of the population. When spending is standardized for the population’s age structure, Ireland emerges as having the third-highest level of health expenditure relative to GDP within the OECD. In several reviews of its “bailout” agreement with Ireland, the Troika expressed concern about continuing overruns in health spending. These have continued since Ireland exited the bailout program.

Citation:

For a recent study of the cost efficiency of the Irish health system see:
<http://www.publicpolicy.ie/wp-content/uploads/HealthSystemIreland.pdf>

Families

Family Policy
Score: 7

The Irish income tax system incorporates the principle of “individualization,” which means that at any given level of combined income, the tax burden is lower on households in which both spouses are employed than in those in which only one spouse is employed.

The income tax code thus generates some incentive for spouses to take up employment outside the home. However, its progressive structure implies that at relatively modest income levels the second partner entering paid employment faces high marginal income tax rates. Furthermore, the income tax code does not permit the deduction of child care expenses. This, combined with the high cost of child care and the paucity of public provision in this area, has been viewed as a serious obstacle to women combining parenting with employment outside the home. In recognition of this problem, the Early Childhood Care and Education Scheme was significantly extended in the 2016 budget. The minister claimed that children aged three years and over will be able to access free child care until they enter primary school. Parental leave is to be extended to fathers for the first time.

Child benefits, which had been significantly reduced during the crisis, will rise to €135 per child per month in 2016 and €140 in 2017. This will still be significantly below the level in 2009. Also, the benefit does not vary depending on whether the mother is employed outside the home.

Pensions

Pension Policy
Score: 6

The Irish system of pension provision rests on three pillars: a state old-age pension, occupational pensions and individual pension plans. The substantial proportion of the population that is employed in the public sector enjoys relatively generous occupational pension entitlements.

In May 2011, an annual levy of 0.6% was imposed on the value of pension assets. In the 2014 budget, this levy was increased to 0.75%. The levy applied only to private sector pension funds. In the 2016 budget, the minister announced that this levy was being terminated at the end of 2015.

Irish pension funds registered a strong gain averaging close to 6% in 2016 notwithstanding a weak start to the year and the negative confidence effects

generated by the Brexit referendum. It is important that pension funds register such gains due to the effects of an aging population.

Poverty prevention:

The state pension is not income-related. It provides €20 a month for a fully qualified individual, regardless of previous earnings, with increases for qualified dependents. This is about one-third of average earnings among the employed population. The nominal value of this pension was held constant after the onset of the crisis in 2009, despite the general fall in incomes, and a period of falling prices between 2010 and 2011 and again in 2014. A modest increase (equal to about 1.25%) was announced in the 2016 budget.

Ireland ranks among Europe's best – alongside the United Kingdom and the Netherlands – with regard to the size of existing private pension funds relative to GDP. About 55% of the workforce has made some pension provision for their retirement outside the main state scheme. However, these schemes have come under very severe pressure following the stock market crash of 2007 and the increase in their liabilities due to a sharp decline in annuity rates. The trend of a shift from defined-benefit to defined-contribution schemes is continuing.

Fiscal sustainability:

The state pension scheme is a pay-as-you-go system. Its sustainability depends on the ability of the state to raise the funds required to meet ongoing commitments through taxes and social insurance levies. Although Ireland's population structure is now relatively young, it is aging rapidly. This has led to repeated predictions of a pension-system crisis unless the retirement age is raised significantly and the amount earmarked for pensions from income taxes and social insurance levies is steadily increased.

Pensions for those employed in the public sector were until 2009 almost entirely funded from general tax revenue. Significant changes to the funding of public-sector pensions were made in 2009 and in the Public Service Pensions Act, 2012. These will, over time, make the system more sustainable, but a great deal of further adjustment will be required.

Intergenerational equity:

The recently introduced pension reforms will eventually increase the equity of the Irish pensions system across generations. At present, inequities arise because those in the current generation of pensioners who enjoy the state pension or public-sector pensions did not contribute sufficiently through taxation and direct pension contributions to fund the level of pensions they receive. Those now in the workforce are unlikely to enjoy comparable pension levels when they reach retirement age. Furthermore, the adjustments that have

been made to pensions since the crisis of 2008 have been smaller than the adjustments to the after-tax income of those who are in employment.

A package of changes to the rules governing defined benefits schemes was announced toward the end of 2013 and implemented in 2014. This change addresses the situation of underfunded defined-benefit pension schemes that wind up in deficit or elect to restructure. In the past, pensioners could have received all or most of the pension fund, whereas contributing members who had not yet retired received considerably less than expected. The new rules were designed to ensure a more equal distribution of assets under a limited set of circumstances. However, the 2015 application of these new rules by a large scheme is now being challenged in the courts by pensioners.

Citation:

Data on poverty levels among the retired are from the Survey on Income and Living Conditions, 2011

Results:

http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2011/silc_2011.pdf

Integration

Integration Policy

Score: 7

The large inflow of immigrants during the boom years led to a rapid increase in the foreign-born population resident in Ireland. More than 70% of immigrants to Ireland have the right to reside, work and own property in the country by virtue of their EU citizenship. Despite the resumption of a high rate of emigration among Irish nationals after 2008, inward migration from abroad has continued at a significant rate.

The unemployment rate among non-nationals (especially those from the new EU accession states) is higher than among the native-born population. Many employed immigrants are not in occupations commensurate with their skills and education.

The inflow of families from non-English-speaking countries in the last 10 years has placed a strain on the education system. Additional resources have been provided to help cope with this challenge, but these are not regarded as adequate. There are signs of increasing gaps between schools in relatively deprived areas of the main cities, which often have high concentrations of children holding non-Irish citizenship, and schools in the more affluent areas with lower concentrations.

Forced integration is not an issue, although some ethnic and religious minorities face difficulties in a country that is still overwhelmingly Irish, while their children face problems in a school system that is still largely under Roman Catholic management.

The treatment of asylum-seekers by the Irish authorities came under critical scrutiny in the course of 2014, with adverse attention drawn to the system of “direct provision,” which is intended to provide for the welfare of asylum-seekers and their families as they await decisions on their asylum application. It provides essential services, medical care, accommodation and board, with three meals per day provided at set times. Attention has recently been focused on the poor standards of accommodation and living conditions in the facilities serving this population, as well as the enforced isolation of families waiting for as long as seven years to learn of a decision on their asylum applications.

During 2015, Ireland was not affected by the growing immigration/refugee crisis in much of Europe. Ireland agreed to accept some immigrants/asylum-seekers from Syria and other war-torn countries before the end of 2015. There is no explicitly anti-immigrant political party in Ireland and immigration was not a prominent issue in the 2016 general election.

Safe Living

Safe Living
Conditions
Score: 7

Overall, Irish crime rates are relatively low by international standards. However, property crime rates have risen in the last few years and over the past decade there has been an increase in “gangland” crime, including murders involving firearms. The low detection and conviction rates for these crimes are disturbing.

The main police force remains unarmed and, despite a recent fatal shooting of an on-duty police officer, there is no widespread clamor to arm the force. It enjoys a good relationship with the majority of the population, although tensions exist in certain areas and with certain social groups.

Cross-border policing cooperation between the Republic of Ireland and Northern Ireland remains good, although the existence of a long land border is an inherent obstacle to effective law enforcement. It is widely acknowledged that paramilitary crime and racketeering are unacceptably high in the Northern Ireland/Republic of Ireland border areas.

Global Inequalities

Global Social
Policy
Score: 8

Despite the austerity measures that have been taken to correct the imbalances in public finances, Ireland has maintained its spending on overseas development assistance in the region of 0.5% of GDP since 2008. There is a special focus on countries in Sub-Saharan Africa and on poverty eradication, ending hunger and encouraging gender equality, good governance and human rights.

Ireland has consistently supported an international agenda that advances social inclusion. Its support for a fair global trading system is constrained by the overriding role of the EU in framing trading policy and to some extent by concerns about domestic self-interest with regard to certain sectors, including farming.

III. Environmental Policies

Environment

Environmental
Policy
Score: 8

Climate Policy:

In 2013, the government published a draft Climate Action and Low Carbon Development Bill. A commitment to producing up to 40% of the country's energy from renewable sources is being implemented, relying heavily on the construction of wind farms. During 2015, progress was made toward attaining these targets.

Ireland is a world leader in carbon-efficient agriculture and food production. At a EU summit in October 2014, Ireland argued strongly for concessions in its carbon-emission reduction targets outside the Emission Trading System, because its agricultural sector (dairy farming in particular) produces almost half of the country's carbon emissions. The country's negotiators claimed that displacing this production from Ireland to countries outside the EU would ultimately result in higher global emissions.

During 2015, it was announced that the ban on smoky bituminous fuels, which had been progressively extended to the main cities and towns since 1990, will be applied countrywide by autumn 2018.

Ireland has one of the highest proportions of electricity provided by wind power in the world. On 23 February 2017, wind power generated 55% of Ireland's total supply of electricity compared to 45% in Germany and only 18% in the UK. The figures vary daily according to weather conditions (see: www.windeurope.org/dailywind).

Renewable water resources:

In 2000, Ireland signed the EU Water Framework Directive into national law. Article 16 of the directive requires the introduction of charges for domestic

water. Full implementation of this measure was included in the Troika Agreement with Ireland. In July 2013, Irish Water (Uisce Eireann) was incorporated as a semi-state company under the Water Services Act 2013. The creation of Irish Water merges the water and waste-water services of 34 local authorities together within one national service provider. Irish Water is now responsible for public water services, including the management of national water assets, and making capital investment decisions regarding the country's water infrastructure. Irish Water is accountable to the Commission for Energy Regulation (CER) and the Environmental Protection Agency (EPA).

The installation of domestic water meters began in 2014 and, despite sometimes violent local opposition, this process is now more than three-quarters complete. Substantial up-front costs were incurred with significant savings yet to be achieved. The proposed structure of the domestic water tariffs, which became the focus of fierce public protests, has been repeatedly revised. The water charge element was greatly attenuated, so that the levy became little more than a property-tax surcharge. Consequently, it provides only a weak incentive for conserving water usage.

In June 2016, the Minister of the Environment appointed an Expert Commission on Domestic Public Water Services. Its final report, the Report on the Funding of Domestic Public Water Services in Ireland, was published on 29 November 2016. The commission recommended that "the optimal arrangement is one involving the funding of water services, for domestic and personal use, as a charge against taxation." It also suggested that "excessive or wasteful use of water will be discouraged by charging for such use and therefore is consistent with the 'polluter pays principle.'" Essentially the commission marginalized the issue of water charges, suggesting that the "question of metering is one of policy and is outside the Expert Commission's terms of reference."

Finally, in 2015, Eurostat ruled that the mechanisms proposed by the Irish government to fund Irish Water did not meet the criteria for classifying it as a commercial company. As a result, for national accounting purposes, its budget must be included in the public-sector budget (for further details see our section on Policy Communication).

Forest area:

Significant grants for increasing the proportion of the territory under forestry have been in place for some time. The state-owned forestry service operates forests that now cover about 7% of the country's land area. The privatization of the harvesting of some of these forests was recommended in the Troika agreement but now has been shelved in response to concerns about the

potentially adverse effects on the amenity value of these lands assets. Increased afforestation has been proposed in exchange for leeway on the emissions from the Irish dairy sector.

Biodiversity:

Ireland is broadly compliant with EU directives on biodiversity, and engages in enforcement measures to protect wildlife and flora. An extensive rural environmental protection scheme has sought to encourage farming in a sustainable and environmentally sensitive manner. In addition, a large number of protected areas have been designated.

Citation:

Report on the Funding of Domestic Public Water Services in Ireland, November 2016.

Climate Action and Low Carbon Development Bill 2015

<http://www.oireachtas.ie/documents/bills28/bills/2015/215/b215d.pdf>

For an update on Ireland's progress in regard to renewable energy see

http://www.seai.ie/Publications/Statistics_Publications/Energy_in_Ireland/Energy-in-Ireland-1990-2013-report.pdf

The latest data on emissions, etc. are contained in an EPA factsheet:

http://www.epa.ie/pubs/reports/indicators/epa_factsheet_waste_v2.pdf

Information on the National Biodiversity Data Center is available at:

<http://www.biodiversityireland.ie/>

The coverage of protected areas is set out in:

<http://www.npws.ie/protected-sites>

Global Environmental Protection

Global
Environmental
Policy
Score: 7

Ireland's environmental policies are largely framed within an EU context. The Irish taoiseach (prime minister) attended the UN Climate Summit in New York in September 2014, and stated during his speech that "Ireland will play its role as part of the EU contribution to the global effort. The EU is committed to bringing forward its contribution to a global agreement early in 2015." However, at the October 2014 European Union summit, when this climate agreement was being drafted, Ireland entered pleas for special consideration regarding carbon emissions from its agricultural sector.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 10

On 6 May 2016, 70 days after the general election, a minority government – the first since 1997 - was formed by the previous taoiseach, Enda Kenny. This Fine Gael-led minority government replaced the two-party coalition of Fine Gael and the Labour Party that had taken office in March 2011. The 2011 general election had focused on the weakness of the economy after the four economic crises that had enveloped the economy between 2008 and 2011, namely the property market crash, banking collapse, fiscal downturn and financial crisis. In the 2011 general election, a highly dissatisfied electorate voted overwhelmingly against Fianna Fáil and its coalition partners enabling the coalition of Fine Gael and the Labour Party to take office with the support of 113 of the 166 deputies.

Despite redressing the effects of the four economic crises and the return of high economic growth rates, the ruling coalition government was ousted from office. The outgoing Fine Gael-Labour Party coalition campaigned under the slogan of “let’s keep the recovery going.” However, this slogan failed to understand the experiences of a sizeable proportion of the electorate. Many voters felt that they had not benefited from the apparent improvement in the economy. In the 2016 general election, the coalition government lost a combined 57 seats with Fine Gael losing 27 seats and the Labour Party losing 30 seats. Fianna Fáil, the *bête noire* of the electorate in the previous election, regained 25 seats and Sinn Féin, an Irish republican party, increased its number of seats to 23.

The election also marked the further rise in the number of independents to 23 seats and marginal parties, including the Anti-Austerity Alliance–People before Profit (6 seats), the Social Democrats (3 seats) and the Greens (2 seats). The 2016 general election was characterized by the high level of fragmentation of the party system with historically low levels of support for the three largest parties. The combined proportion of votes won by Fine Gael, Fianna Fáil and the Labour Party dropped to 56% from a long-term average of 84%.

The result of the 2016 general election has been described by leading political analysts, Michael Gallagher and Michael Marsh of Trinity College Dublin, as the election that nobody won.

Notwithstanding this, the two leading center-right parties Fine Gael (49 seats) and Fianna Fáil (44 seats) had sufficient seats to form a center-right government. The outgoing taoiseach, Enda Kenny, offered his Fianna Fáil counterpart, Micheal Martin, a full partnership government. However, initial discussions failed. Eventually, over two months after the election, Fianna Fáil agreed to abstain on votes relating to parliamentary confidence until the end of 2018 (with a provision to renew this arrangement). This enabled Mr. Kenny to form a Fine Gael minority government with the support of nine independent deputies, three of whom were given senior ministerial positions.

The impact of gender quotas significantly changed candidate selection processes for the 2016 general election. The Electoral (Amendment) (Political Funding) Act 2012 encourages political parties to select at least 30% female candidates with the threshold rising to 40% by 2023. Parties that fail to reach this threshold lose half of their state funding. This reform had an immediate impact on the 2016 general election. In 2011, 15% of selected candidates were women. In 2016, this had increased to 29.6%. In terms of women elected as teachta dálas (members of parliament), the improvement was more modest, but still rose from 15% in 2011 to 22% in 2016.

Citation:

Michael Gallagher and Michael Marsh (eds.) *How Ireland Voted 2016 The Election that Nobody Won* (Palgrave Macmillan published by Springer International, Switzerland, 2016)

Michael Gallagher, 'Ireland's Earthquake Election: Analysis of the Results', in Michael Marsh and Michael Gallagher (eds) *How Ireland Voted 2011: The Full Story of Ireland's Earthquake Election*. London: Palgrave.

Fiach Kelly. 'Kenny's ceann comhairle move could bring trouble his way', *The Irish Times*, 9 Jan. 2016.

Fiona Buckley, Yvonne Galligan and Claire McGing, 'Women and the Election: Assessing the Impact of Gender Quotas', in Michael Gallagher and Michael Marsh (eds.) *How Ireland Voted 2016 The Election that Nobody Won* (Palgrave Macmillan).

Media Access
Score: 9

Irish political issues continue to receive widespread and detailed coverage in the press, on radio and on TV. Media coverage – especially on radio and TV – is subject to strict guidelines designed to ensure equity of treatment between the political parties. The state-owned national broadcasting company (RTÉ) allows equal access to all parties that have more than a minimum number of representatives in the outgoing parliament. Smaller political parties and independent candidates find it less easy to gain access to the national media. However, any imbalances that may exist at the national level tend to be offset at the local level through coverage by local radio stations and newspapers. Subject to normal public safety and anti-litter regulations, all parties and candidates are free to erect posters in public spaces. There were no significant changes in this area during the review period.

It is worth noting, though, that following legislation in 2009, the 2011 election was the first in which RTÉ no longer operated entirely under self-regulation.

This legislation meant that for the first time the regulation of both private and public broadcasters was vested in a single body, the Broadcasting Authority of Ireland (BAI). While these changes occurred prior to the current review period, research in this area is only just becoming available (see reference). The BAI does not, so far, seem to be all that effective in increasing transparency, although research suggests that RTÉ does have internal procedures that pay a great deal of attention to its statutory requirement to achieve “balance.”

Citation:

Kevin Rafter (2015), ‘Regulating the Airwaves: How Political Balance is Achieved in Practice in Election News Coverage’. *Irish Political Studies* 30:4, 575-594.

Voting and
Registrations
Rights
Score: 8

There have been no changes in voting and registration rules in recent years. All Irish citizens aged 18 and over are entitled to be registered to vote in all elections and referendums. British citizens may vote at dáil, European, and local elections; other EU citizens may vote at European and local elections; non-EU citizens may vote at local elections only.

There is no population register in Ireland on which voter registration might be based. Instead, an electoral register is compiled by local authorities. To register to vote, a person must ordinarily be a resident at the address recorded in the electoral register by 1 September, when the register comes into force. There is limited provision for postal voting. While there is no evidence of systematic discrimination or disenfranchisement of any social groups in the compilation of the electoral register, inconsistencies in the register have been repeatedly exposed, displaying a lack of investment in the electoral process and even a lack of concern for its integrity.

The constitutional convention recommended lowering the voting age from 18 to 16 and the government promised to hold a referendum on this proposal. However, it announced early in 2015 that it no longer planned to hold this referendum during the life of the present parliament.

In January 2015, the government committed to establishing an independent electoral commission during its term of office, but admitted that this commission would not be ready to function in time for the mid-2016 general election. It is hoped that it will be operational by the time of the local and European elections in 2019.

Citation:

Preliminary study on the establishment of an electoral commission in Ireland, submitted to the Department of the Environment, Heritage and Local Government

by: Richard Sinnott, John Coakley, John O’Dowd, James McBride,

Geary Institute University College Dublin

November 2008

Programme for National Recovery 2011-2016, March 2011

Convention on the Constitution: www.constitution.ie

<http://www.irishtimes.com/news/politics/reduction-of-voting-age-from-18-to-16-to-be-put-to-referendum-1.1458229>

David Farrell (2015), 'Conclusion and Reflection: Time for an Electoral Commission for Ireland', *Irish Political Studies* 30:4, 641-646.

Party Financing
Score: 8

Financing of Parties:

The financing of political parties in Ireland is supervised by the Standards in Public Office Commission (SIPO). Each of the political parties registered to contest a parliamentary or European election is required to furnish a donation statement to the commission and to publish annual accounts. The commission's last published annual report is for 2014.

Political parties that obtained at least 2% of the first-preference votes in the last general election qualify for public funding under the Electoral Acts. The amount payable to a qualified political party is based on its share of the votes received in the last election. In 2014, funding was paid to four qualifying parties: Fianna Fáil, Fine Gael, Sinn Féin and the Labour Party. In total they received €5.5 million, with the larger of the government parties, Fine Gael, receiving 42% of the share. The total value of donations from private sources disclosed by parties during 2014 was €66,392, of which Fine Gael received €02,567. The second largest donations total was recorded by the new Stop the Water Tax – The Socialist Party, which received €30,405.

Financing of Elections:

In contrast, the financing of elections still lacks transparency. By any comparative standard (see Van Biezen and Kopecky, 2015), Ireland's parties are well funded by the state.

The quid pro quo for generous state funding is supposed to be state regulation of party financing. During elections, this does not appear to be happening to an acceptable standard. For example, during the 2011 general election, the parties reported spending just under €0.3 million. Parties are not allowed to use any of their public funds to cover campaign expenses, but parties have to declare any donations over €5,078. Farrell (2015) observes that "In 2011, a year in which the parties between them spent over € million chasing votes, the total amount of donations they claimed to have received amounted to €30,997 – leaving a grand total of €9,246,640 of party income unaccounted for. In its annual report for that year, SIPO noted that this was 'the lowest amount disclosed since the introduction of the disclosure requirement 15 years ago'" (Farrell, p. 644).

Citation:

The most recent report on the funding of political parties is available here:

<http://www.sipo.gov.ie/en/reports/state-financing/expenditure-of-state-funding/2014-exchequer-funding-received-by-political-parties/exchequer-funding-received-by-political-parties-for-2014.html>

Popular Decision-Making
Score: 5

The first Constitution of the Irish Free State in 1922 provided powers of “initiative” and “referendum” to the Irish people. However, the first government removed these rights and they were never exercised.

While Article 6 of the constitution introduced in 1937 states that: “All powers of government, legislative, executive and judicial, derive, under God, from the people, whose right it is to designate all the rulers of the state and, in the final appeal, to decide all questions of national policy, according to the requirements of the common good,” it contains no provisions for direct initiatives or referendums. The main constitutional provision for referendums refers to proposed amendments to the constitution. The constitution also provides for a referendum on a proposal other than a proposal to amend the constitution (referred to in law as an “ordinary referendum”) but the initiative for such a referendum resides with the parliament. No “ordinary referendum” has been held in the state to date.

Direct Democracy Ireland, a political party, wants to replace representative democracy with participatory democracy in Ireland and to allow citizens to petition for a referendum on any issue by collecting a certain number of signatures. It obtained only 1.5% of the votes cast in the 2014 European Parliament election.

The constitutional convention discussed the question of popular initiatives and referendums, but did not make a recommendation on the issue.

Citation:

The Department of the Environment, Community and Local Government, The Referendum in Ireland, July 2012, available at <http://www.environ.ie/en/LocalGovernment/Voting/PublicationsDocuments/FileDownload,1893,en.pdf>

The Constitutional Convention’s concluding commentary is available here:

<https://www.constitution.ie/AttachmentDownload.ashx?mid=64bbfa68-89b9-e311-a7ce-005056a32ee4>

Access to Information

Media Freedom
Score: 9

In Ireland, public and private media are independent of government. RTÉ, the state-owned broadcasting company, is supported by fees from a mandatory license. It is obliged to give balanced coverage of political events and to guarantee access to a variety of political views. Access by political parties for electioneering purposes must also be balanced. The state broadcaster faces competition from private TV and radio stations and does not enjoy a monopoly in any area.

The Broadcasting Authority of Ireland (BAI) was established on 1 October 2009. It has to “ensure that the democratic values enshrined in the constitution, especially those relating to rightful liberty of expression, are upheld, and to provide for open and pluralistic broadcasting services.”

The Press Council of Ireland and the Office of the Press Ombudsman were established on 1 January 2008. Through it citizens have access to an independent press complaints mechanism that aims to be “quick, fair and free” and to “defend the freedom of the press and the freedom of the public to be informed.”

Press and government keep one another at arm’s length. Preferences and biases arising from the views of journalists and broadcasters undoubtedly exist in editorial matters, but there is sufficient variety of editorial opinion and adequate complaints procedures to prevent this from undermining the democratic process.

Controversy has surrounded the issue of the right of a newspaper to protect its sources, for example by destroying relevant documents. The European Court of Human Rights ruled that The Irish Times had to pay its own costs in a case on this issue filed against it by the state. The court commented that the costs ruling could have “no impact on public-interest journalists who vehemently protect their sources yet recognize and respect the rule of law.”

A wide range of newspapers – national and local – is published in Ireland and this is augmented by the circulation of the main UK newspapers and weeklies. In addition to the range of public-service state-owned radio and TV stations, a variety of privately owned stations also exist. Irish listeners and viewers also avail themselves of UK English-language stations, which are widely received in the country. As a result, Irish readers, listeners and viewers are exposed to a plurality of opinions.

There is a plurality of ownership in the Irish media – the sector includes state radio and TV, private radio and TV, a variety of newspapers with varied private ownership, and many small-circulation magazines that purvey alternative political views and philosophies. However, there are recurrent suspicions about the influence and power of the Independent News and Media Group, an Irish-based multinational media company that owns the largest circulation national titles. The control of this company has changed recently following a bitter internal feud. The group’s editors maintain that its journalists are not restricted in their professional freedom.

There are also recurrent criticisms of the views promoted by the state-owned broadcasting company, RTÉ, and of bias in its core news and editorial comment. There does not appear to be much basis for such claims.

Access to
Government
Information
Score: 8

Irish libel laws are restrictive and may impair the ability of investigative journalists to have their work published. However, the restrictions imposed by the existing laws do not imply any bias toward one end of the political spectrum or the other.

Irish Freedom of Information (FOI) legislation, initially enacted in 1997, was amended in 2003 to restrict access to data and information about decision-making in the public administration in several key areas, including defense, government meetings, and areas of commercial sensitivity. The Freedom of Information (Amendment) Act passed in 2013 removed the substantive restrictions introduced in 2003, and extended FOI to all public bodies including the National Treasury Management Agency, the National Asset Management Agency, An Garda Síochána, and the Central Bank of Ireland. Moreover, it reduced the cost of internal review from €75 to €30, and appeal fees from €150 to €50.

The existing FOI legislation has been used effectively by individuals and the press to gain access to information regarding the manner in which ministries reach decisions, the expenses incurred in public procurement, and instances of the waste of public funds.

Government departments, ministries and agencies now have information officers to channel information to the public. In some cases these officers act as purveyors of objective information; others act as spin doctors, putting biased interpretations on events to suit politicians.

The Central Statistics Office of Ireland (CSO) is responsible for the collection and dissemination of official statistics. An independent national statistics board oversees its performance. This office is located in the Department of the Taoiseach (the prime minister's office) and is not answerable to the ministers responsible for areas covered by the statistics. Sensitive data (such as figures on inflation and unemployment) are made available to ministries shortly before their publication, but they have no right to alter these data or to influence how they are presented. The CSO enjoys a good reputation internationally in both its independence from political interference and the technical competence of its staff.

A major problem has arisen with respect to the compilation of national income statistics by the CSO. Following changes to the European System of Accounts in 2010 as well as other statistical reporting procedures, the CSO's statistics for GDP, exports and investment have been artificially inflated. This is due to multinational corporations transferring intellectual property rights to Ireland and then through a process of onshoring in which the profits of their affiliates abroad

are attributed to their Irish operations. Such has been the pace of these activities that official statistics for 2015 and 2016 are vastly exaggerated and need to be severely adjusted to determine the real value added by multinational corporations in Ireland. Both the Central Bank of Ireland and the Economic and Social Research Institute have published revised statistics using a value added approach to determine the real rate of growth of the Irish economy.

In May 2013, Ireland submitted a letter of intent to join the Open Government Partnership. Full membership was achieved early in 2014 with the submission of Ireland's National Action Plan.

In 2015, there was controversy surrounding the right of journalists to report allegations made in the dáil (parliament) in relation to commercial transactions between the National Asset Management Agency and a prominent businessman. The courts ruled that the allegations, made under parliamentary privilege, could not be reported in the press. In reality, they became public almost immediately.

Citation:

European System of Accounts 2010 and other Statistical Regulations (2014)

Civil Rights and Political Liberties

Civil Rights
Score: 9

The Irish constitution enshrines the full range of fundamental civil rights associated with a liberal-democratic state. Article 38 establishes the right to a fair trial; Article 40 the rights to life, liberty, property, freedom of expression and equality before the law; Article 41 contains provisions for the protection of the family. In November 2012, the constitution was amended by referendum to strengthen the provisions regarding the rights of the child.

Operating under the common-law system inherited from the era of British rule, the Irish courts have been active in discovering “unenumerated” rights implied by these articles. These include the right to bodily integrity, to freedom from torture, inhuman or degrading treatment or punishment, the right to work and earn a livelihood and the right to privacy.

Following the passage of the European Convention on Human Rights Act (2003) by the Irish parliament, the rights interpreted and developed by the European Court of Human Rights are directly enforceable before the Irish courts. The Criminal Justice (Legal Aid) Act 1962 established an extensive system of free legal aid to promote equal access to the law and the courts. Access to free legal aid in certain civil cases was established by the Civil Legal Aid Act (1995).

However, a plaintiff who takes a civil case through the courts and loses is likely to have to meet not only his/her own legal costs but also those of the defendant. The best legal advice is very expensive. These considerations limit the effectiveness of equality of access to justice especially in matters relating to defamation, property disputes and other areas not covered by legal aid.

The Protected Disclosures Act 2014 came into force in July 2014. This will offer legal protections for workers who report concerns about wrongdoing in the public, private and non-profit sectors. The law will cover all employees, contractors, agency workers, members of the police force (An Garda Síochána), and members of the Defense Forces.

Political Liberties
Score: 9

Freedom of speech, freedom of assembly, and the right to form unions and associations without religious, political or class discrimination are enshrined in the Irish constitution. These rights have been protected and upheld by the Irish courts over the years, subject only to restrictions regarding sedition, blasphemy and breaches of the peace. In October 2014, the government accepted the constitutional convention's recommendation that a referendum be held on removing the offense of blasphemy from the constitution. However, it has made clear that this referendum will not be held in the life of the present government.

Sinn Féin, the political wing of the formerly illegal Irish Republican Army, has become increasingly involved in mainstream Irish politics. Its share of the national vote grew from 1.6% in 1992 to 13% in 2016, while the number of seats it occupies in parliament grew from zero to 23. No political group is presently excluded from access to the airwaves or the print media.

Over the review period, public protests against Irish Water reached a new intensity. As a result of one violent confrontation with the police, some protesters, including elected members of parliament, faced charges of "falsely imprisoning" the Tánaiste (deputy prime minister) in 2016. The protesters claimed that these charges effectively limited the right to freedom of political expression, a view that was rejected in court.

Non-discrimination
Score: 9

There are strong anti-discrimination laws on the Irish statute books. The Employment Equality Act, 1998 and the Equal Status Act, 2000 outlaw discrimination on grounds of gender, marital status, family status, age, intellectual or physical disability, race, sexual orientation, religious belief or membership in the Traveller Community in employment, vocational training, advertising, collective agreements, the provision of goods and services, and other opportunities to which the public generally has access. The Equality Authority is an independent body set up under the Employment Equality Act, 1998 to monitor discrimination. An independent equality tribunal was established under the same act to offer an accessible and impartial forum to remedy unlawful discrimination. These agencies have been active in recent

years and successful in prosecuting cases on behalf of parties who felt they had been discriminated against.

In 2012, a referendum was passed to amend the constitution to explicitly recognize the rights of children and generally provide enhanced protection to children.

In May 2015, a referendum legalizing same-sex marriage was passed by a vote of 62% in favor, 38% against. The Thirty-Fourth Amendment of the Constitution (Marriage Equality) Act was signed into law on 29 August 2015.

Rule of Law

Legal Certainty
Score: 7

Politicians are prohibited by law from interfering with the course of justice and attempts to do so appear to be very rare. Government and administrative units generally act predictably and in accordance with known rules. The use of ministerial orders can be to some extent arbitrary and unpredictable, but they are liable to judicial review.

A significant degree of discretion is vested in the hands of officials (elected and non-elected) in relation to infrastructure projects as well as town and rural planning. Following the collapse of the housing market in 2009, there has been much less scope for corruption in relation to development and public contracts; public concern about these issues has waned. This may change as activity in the construction industry gathers pace.

Citation:

The report of the Inquiry into the behavior of the police in relation to allegations of misconduct and corruption is available here:

<http://www.merriestreet.ie/wp-content/uploads/2014/05/Final-Redacted-Guerin-Report-OCR.pdf>

The inquiry into the circumstances surrounding the resignation of the Garda Commissioner was conducted by a former Supreme Court judge, Justice Fennelly, and is available here:

<https://doc-0s-bs->

docs.googleusercontent.com/docs/securesc/ha0ro937gcuc7l7deffksulhg5h7mbp1/bjfn1u1n4ifdcsekb8vsaf0a2nd850m/1442836800000/10437822469195814790/*0B2B2HUQaR5vwUnpJRTZnMU1tbWc?e=download

Judicial Review
Score: 9

A wide range of public decisions made by administrative bodies and the decisions of the lower courts are subject to judicial review by higher courts. When undertaking a review, the court is generally concerned with the lawfulness of the decision-making process and the fairness of the decision. High Court decisions may be appealed to the Court of Appeal.

In October 2013, a referendum proposing the creation of a new Court of Appeal was passed. The new court, which was established in October 2014, will hear cases appealing decisions of the High Court .

Appointment of
Justices
Score: 7

The cost of initiating a judicial review can be considerable. This acts as a deterrent and reduces the effectiveness of the provisions for judicial review.

The courts act independently and are free from political pressures.

The Constitution states that judges are appointed by the president on the advice of the government (Articles 13.9 and 35.1).

The Judicial Appointments Advisory Board (JAAB) acts in an advisory capacity in appointments to the Supreme Court. The government has the power to appoint a person who has not applied to, and has not been considered by, the JAAB. Nevertheless, the JAAB acts as a kind of short-listing committee.

While the process does not require cooperation between democratic institutions and does not have majority requirements, appointments have, in the past, not been seen as politically motivated and have not been controversial. However, changes made in April 2012 to the system of regulating judges' pay and pensions and the appointment of judges provoked controversy. Judges' pay and pensions had been shielded from the cuts in public-sector pay implemented during the economic crisis, but a huge majority of voters in a referendum in October 2011 voted to remove this protection. The Association of Judges of Ireland has called for the establishment of an independent body to establish the remuneration of judges and create improved lines of communication between the judiciary and the executive.

Toward the end of 2013, the minister for justice and equality invited interested parties to comment on an ongoing Department of Justice and Equality review of judicial-appointment procedures. In response to this request, a Judicial Appointments Review Committee was established by the chief justice and the presidents of the high, circuit and district courts. This committee submitted a preliminary report in January 2014, which highlighted the unsatisfactory nature of the existing system and summarized systems prevailing in several other common-law jurisdictions. The government is committed to reforming the Irish system in response to these initiatives. However, there has been no progress on this over the review period.

Citation:

David Gwynn Morgan (2012), 'Government and the Courts', in Eoin O'Malley and Muiris (eds) *Governing Ireland: From Cabinet Government to Delegated Governance*. Dublin: IPA.

Corruption
Prevention
Score: 8

The legal framework and rules regarding standards in public office have been progressively tightened and extended over time in Ireland.

In January 2014, Public Service Reform Plan 2014 – 2016 was published. Its stated goal was to maintain momentum with regard to reducing costs and increasing efficiency in the public sector, "to deliver greater openness,

transparency and accountability and to strengthen trust in government and public services.”

Many proposed reforms are still at the planning stage, and it is too early to assess their impact on the integrity of officeholders and public servants.

Citation:

The 2014 Public Services Reform Plan is available here:

<http://reformplan.per.gov.ie/>

Governance

I. Executive Capacity

Strategic Capacity

Strategic Planning
Score: 7

There is some evidence that Irish policymakers improved their strategic-planning capacity since the period in the immediate aftermath of the crisis. The annual reports on the Programme for Government detail a more coherent strategic approach to policymaking and increased use of advisory bodies.

However, independent advice is not always followed. Popular pressures for increased spending and tax reductions influenced government decisions in the 2016 budget, reflecting the proximity of a general election. The Fiscal Advisory Council and the Economic and Social Research Institute have urged the government to devote more of the revenue gains arising from the recent economic improvement to a faster reduction of the budget deficit, at the expense of lower taxes and increased spending. However, the imposition of limits on mortgage lending during 2015, intended to moderate the rise in home prices, is a welcome example of unpopular but prudent strategic thinking.

During the 2011 to 2016 government and current minority government, detailed reports were published by the government monitoring annual progress on implementing the Programme for Government.

Scholarly Advice
Score: 5

In 2009, Professor Patrick Honohan of Trinity College Dublin was appointed governor of the Central Bank of Ireland. This marked a break with the tradition that the retiring permanent secretary of the Department of Finance would succeed to the governorship. Following his retirement toward the end of 2015, the government announced the appointment of another academic, Professor Philip Lane of Trinity College Dublin, as his replacement.

The Fiscal Advisory Council is an independent statutory body, comprising five experts, mainly drawn from academia. It was established in 2011 as part of a wider reform of Ireland's budgetary procedures. The council is required to "independently assess, and comment publicly on, whether the Government is

meeting its own stated budgetary targets and objectives.” The claim made by the council’s chairman, Professor John McHale of University College Galway, that the 2016 budget violated the rules of the EU’s Stability and Growth Pact received much publicity. This assertion, however, was quickly withdrawn following a rebuttal by the Minister of Finance. Nonetheless, the council stuck to its criticism of the 2016 budget as excessively expansionary. Following his retirement, Professor McHale, was replaced as chairman of the Fiscal Advisory Council by Professor Seamus Coffey of University College Cork.

Academics have regularly held advisory posts in government ministries, including the prime minister’s office and the Department of Finance. Advisers meet regularly with their ministers but there is no information on the impact on policymaking of the advice proffered. There is no established pattern of open consultations with panels of non-governmental experts and academics, although some ad hoc arrangements have been made from time to time.

Citation:

Academics are active in several recently-formed independent blogs that may have some influence on policy maker. These include

<http://www.irisheconomy.ie>

<http://www.publicpolicy.ie>

<http://www.politicalreform.ie>

<http://www.nerinstitute.net>

Interministerial Coordination

GO Expertise
Score: 7

The influence and effectiveness of the Irish prime minister’s office (Department of the Taoiseach) is limited by a dearth of analytical skills. The department is focused on strategic policy issues and the delivery of the Programme for Government.

An expert group on strengthening civil-service accountability and performance reported to government in May 2014. Among the numerous recommendations it made, it proposed the establishment of an accountability board for the civil service, chaired by the taoiseach but including external members. This board would be tasked with reviewing and constructively challenging the performance of senior management as well as monitoring progress on the delivery of agreed-upon priorities. It also recommended that the Irish Civil Service be given an appointed head. The government rejected the proposal for a head of civil service, but an accountability board with independent members was established in May 2015.

Citation:

The report of the Independent Panel on Strengthening Civil Service Accountability and Performance is available here:<http://www.per.gov.ie/civil-service-accountability-consultation-process/>

GO Gatekeeping
Score: 9

The Department of the Taoiseach reviews draft memoranda designated for discussion by the cabinet. Its views are taken into account when these memoranda are revised. The taoiseach's office exercises tight control over the government agenda; as does the Department of Finance.

Most policy originates in the line departments, but the Department of the Taoiseach has grown in size and competence in recent years, and has the capacity to block most items. In 2010, the Department of the Taoiseach had a total of 179 civil service staff, as well as seven advisers serving the taoiseach directly (see O'Malley 2012). The Department of the Taoiseach has several different policy divisions. Though these have varied over the years depending on the taoiseach's priorities, divisions on the economy, the EU and Britain and Northern Ireland have been a constant. In 2017, there were also divisions on international affairs, social policy and public sector reform, and economics, regulation and climate change.

Citation:

Eoin O'Malley, 'The Apex of Government: Cabinet and Taoiseach in Operation', in Eoin O'Malley and Muiris MacCarthaigh (eds, 2012), *Governing Ireland: From Cabinet Government to Delegated Governance*. Dublin: IPA.

Line Ministries
Score: 9

The Prime Minister's Office is involved in legislative and expenditure proposals. The process is a highly interactive one, with much feedback between the line ministries, the prime minister's office, and the office of the attorney general. The Department of Finance has considerable input into all proposals with revenue or expenditure implications. Any significant policy items have to be discussed in advance with the Department of the Taoiseach. The Cabinet Handbook lays out detailed procedural rules for the discussion of policy proposals and the drafting of legislation. It is publicly available on the website of the Department of the Taoiseach.

Cabinet
Committees
Score: 8

Cabinet committees are established by the government and managed by the Department of the Taoiseach. Cabinet committees derive their authority from government. Membership of cabinet committees includes two or more members of the government, and may also include the attorney general and government ministers. Typically, committees have between four and 12 members. In 2011, the smallest cabinet committee was the Irish and the Gaeltacht Committee with four members and the largest was the European Affairs Committee with 13 members. This means that many government ministers will serve on multiple cabinet committees. In 2011, the Minister for Finance was a member of five out of eight cabinet committees. The essential job of cabinet committees is to coordinate policy initiatives, especially when substantive policy proposals concern multiple line departments.

There are currently 10 cabinet committees. The most recent addition focuses on Brexit, while the others focus on the economy, trade and jobs; housing; health; social policy and public sector reform; justice reform; European affairs; regional and rural affairs; infrastructure, environment and climate change; the arts, Irish and the Gaeltacht.

Cabinet committees are chaired by the taoiseach or a senior official of the Department of the Taoiseach. Cabinet committees generally make policy recommendations, which are followed up by a formal memo to the government.

Citation:

For information about Cabinet Committee see:

http://www.taoiseach.gov.ie/eng/Taoiseach_and_Government/Cabinet_Committees

Niamh Hardiman, Aidan Regan and Mary Shayne 'The Core Executive: The Department of the Taoiseach and the Challenge of Policy Coordination, in Eoin O'Malley and Muiris MacCarthaigh (eds, 2012), *Governing Ireland: From Cabinet Government to Delegated Governance*. Dublin: IPA.

Ministerial
Bureaucracy
Score: 6

Responsibility for policy coordination lies with the Prime Minister's Office (Department of the Taoiseach). However, to be truly effective in this area the office would require greater analytical expertise across many policy areas than it has at present. Despite much rhetoric about "joined-up government," the coordination of policy proposals across ministries has traditionally been relatively weak, with conflicting policies pursued in different parts of the civil service. For example, employment creation can take precedence over environmental considerations and local planning processes often do not mesh with national housing policies.

While coordination across government is often an up-hill battle, the development of the cabinet committee system has somewhat improved matters. Hardiman et al (2012, p.120) conclude, "perhaps the most significant organizational change aimed at improving cross-departmental coordination has been the growing reliance on the cabinet committee system: 'Most of the major policy initiatives - health, environment, climate change, economic renewal - all will have gone through the cabinet committees. So that is a big change in the system of governance ... They provide a mechanism to manage complex cross-cutting issues' (Interview B, 1 Nov 2009)."

Citation:

Niamh Hardiman, Aidan Regan and Mary Shayne 'The Core Executive: The Department of the Taoiseach and the Challenge of Policy Coordination, in Eoin O'Malley and Muiris MacCarthaigh (eds, 2012), *Governing Ireland: From Cabinet Government to Delegated Governance*. Dublin: IPA.

Informal
Coordination
Score: 8

Every government in Ireland since 1989 has been a coalition government. The 2016 general election produced a Fine Gael-led minority government with nine independent deputies, a coalition which is dependent on the abstentionism of the

main opposition party, Fianna Fáil, in votes relating to confidence and supply. The impression conveyed by accounts of cabinet meetings is that the agenda is usually too heavy to allow long debates on fundamental issues, which tend to have been settled in various ways prior to the meeting. On the whole these informal coordination mechanisms appear to work effectively.

Citation:

The two most recent Annual Reports on the Programme for Government are available here:

http://www.taoiseach.gov.ie/eng/Publications/Publications_2014/Programme_for_Government_Annual_Report_2014.pdf

http://www.taoiseach.gov.ie/eng/Publications/Publications_2015/Programme_for_Government_Annual_Report_2015..pdf

Evidence-based Instruments

RIA Application
Score: 4

The 2011 Programme for Government states: “We will require departments to carry out and publish Regulatory Impact Assessments [RIAs] before government decisions are taken.” In principle, RIAs are used by all government departments. In practice, the range of RIAs completed and published is narrow. The last published list of completed RIAs dates from 2009.

In response to parliamentary questions on the topic in July 2012, the prime minister responded: “My department will shortly be consulting departments generally about the question of publication of regulatory impact analyses carried out before government decisions are taken.” Despite the reiteration in the Annual Review of the Programme for Government of the requirement that all departments undertake RIAs for regulatory changes, there is little evidence that these are being undertaken and published.

The future of Irish Water remains uncertain at the time of writing. Its story represents a major failure in the area of regulatory impact assessment, policy coordination and government communication with the public.

Citation:

The latest available government documentation relating to RIAs is

http://www.taoiseach.gov.ie/eng/Publications/Publications_Archive/Publications_2011/Revised_RIA_Guidelines_June_2009.pdf

Parts of the Independent Assessment of ‘The options for water provision’ are available at

<http://www.environ.ie/en/Publications/Environment/Water/FileDownload,29194,en.pdf>

Quality of RIA
Process
Score: 4

The accessibility and communication of the RIAs that have been performed are poor and independent quality evaluations are not conducted. RIAs have been required since 2005 for issues that involve changes to the regulatory framework.

The shortcomings and problems that have arisen with regard to the launch of

Sustainability
Check
Score: 4

Irish Water illustrate a failure to create transparency and enable participation in the assessment of at least this important project.

Some of the suggested sustainability checks are included in the RIA Guidelines published in 2009 (a 97-page document), but there is no explicit mention of “sustainability” in that document and it does not seem that such checks are integrated into the RIA process. There is explicit provision for the inclusion of poverty impact assessments.

Societal Consultation

Negotiating Public
Support
Score: 6

Three public-sector agreements on pay and working conditions were negotiated between 2010 and 2013. The cumulative effect of these measures has been significant changes in pay and working conditions in the public sector, and a marked increase in productivity. However, some trade unions, notably in the educational sector, have rejected these proposals and some significant problems remain unresolved.

During 2016, improved economic performance shifted the focus toward containing public expectations that tax and expenditure disciplines would be significantly relaxed. In 2016, these expectations led to a strike of Dublin’s public tramway system workers and a threatened strike by the police force, which resulted in overly generous settlements. As a result of these settlements, the government now faces the dilemma of trying to resist further demands for public sector pay increases.

The government now consults with workers and employers in the private sector on pay policy to a much lesser extent than was the case before 2008. Wage settlements are largely reached through discussion and negotiation between the affected parties.

Citation:

The latest public-sector agreement is here:

<http://www.per.gov.ie/haddington-road-agreement>

Policy Communication

Coherent
Communication
Score: 7

Under the constitution, the government is required to act in a collective fashion and all ministers are collectively responsible for government decisions. This doctrine of collective cabinet responsibility is normally adhered to and creates a clear incentive to follow a closely coordinated communications strategy.

In some controversial policy areas, communication between ministries as well as between ministries and the government has lacked coherence. Statements regarding health care continue to lack clarity and consistency, with inadequate

coordination between the ministry and the government about what is planned and feasible in this area.

The creation of Irish Water has been characterized by a serious lack of transparency and coherence. This problem persisted throughout 2016. The government's attempt to remove Irish Water from the General Government sector and have it treated as a commercial state-owned body in the national income accounts was dismissed by a judgment from Eurostat in 2015: "Eurostat considers that Irish Water is a non-market entity controlled by government and should therefore be classified within the government sector."

Citation:

The complex details of the treatment of Irish Water in the national income accounts were discussed in an exchange of views between the Irish Central Statistics Office and Eurostat: see

<http://www.cso.ie/en/surveysandmethodology/nationalaccounts/classificationdecisions/classificationofirishwater/>

Implementation

Government
Efficiency
Score: 7

The coalition government formed in 2011 agreed on a program called Government for National Recovery 2011 – 2016. This set out a legislative program and goals for economic management.

Five annual progress reports on the implementation of this program have since been published. These present favorable views of the government's achievements during its four years in office. However, a good deal of the reported progress represents initial steps, such as the publication of bills and plans as well as the commissioning of reports, rather than final outcomes.

The increased volume of activity undertaken by the previous coalition government (2011-2016) has been maintained. One (admittedly crude) way to measure this is the amount of legislation passed. For example, the Programme for Government's 2013 annual report listed 57 new pieces of legislation that had been enacted in the previous 12 months. In the 12 months ending in March 2014, a further 51 were enacted and in the 12 months ending in March 2015 a further 44. Among the significant laws enacted were the new Companies Act and the Regulation of Lobbying Act. The final progress report published in January 2016 lists all 170 new items of legislation passed since the Fine Gael-Labour Party coalition took office in 2011. This means that on average 42.5 legislative acts were passed each year, slightly higher than the 1959 to 2008 average of 37 per year (Gallagher 2010, p.208).

The continuing Irish Water saga and the uncertainty surrounding widespread non-registration for water billing are examples of the government failing to

achieve a key policy objective. However, water also represents a substantial infrastructural challenge. PwC calculated that the average age of water mains in Ireland is between 65 and 85 years old, compared to an EU average of 36 years. Some water mains indeed date back to the 19th century. The average leakage rate of 41% from these mains is very high with only six of the 34 local authorities having leakage rates of below 30%.

In May 2016, the incoming minority government agreed to suspend water charges and establish an expert commission on the issue. This resulted in the publication of the Report on the Funding of Domestic Public Water Services in Ireland in November 2016. The report's two main recommendations were that there should be a constitutional provision for the public ownership of water utilities and that public water services should be funded through taxation. The report also recommended that excessive or wasteful use of water should be discouraged by charging for such use, consistent with the polluter pays principle.

While these recommendations may mitigate some public criticism, the government still needs to find an estimated €13 billion for infrastructure improvements. It also needs to determine whether it repays the roughly 60% of households who paid their water charges bill or force the remaining 40% of households to pay their water charge.

To accomplish the increased level of activity, parliamentarians are taking fewer holidays: the number of days that the dáil is in session increased by 33% and the use of the guillotine was reduced by 75% during 2014.

The 2015 Review of the Programme for Government is available here:

http://www.taoiseach.gov.ie/eng/Publications/Publications_2015/Programme_for_Government_Annual_Report_2015.pdf

Michael Gallagher (2010), 'The Oireachtas', chpt 7 of John Coakley and Michael Gallagher (eds), *Politics in the Republic of Ireland*. London: Routledge and PSAI Press.

Ministerial
Compliance
Score: 7

The current minority-led government represents a range of different agendas and priorities. The allocation of ministries between them has a significant influence on the overall coherence of government policy.

Individual ministries are to a significant degree independent fiefdoms that can be used by individual ministers to pursue their self-interest – including boosting their chances of reelection – rather than any comprehensive government objective. The system requires even senior ministers to spend considerable time and energy in local constituency work, because few are sufficiently distanced from the risk of losing their seat at the next election. One newspaper recently estimated (informally) that ministers spend only about 10% of their time on national issues.

The two ministries with overarching responsibility for coordinating this program are the Department of the Taoiseach and the Department of Finance.

Ministers are not involved in the appointment or promotion of civil servants; at the higher levels of the civil service, appointment is now in the hands of the independent Top Level Appointments Commission. However, a 2014 conflict over the roles of the minister for justice and the commissioner of the Garda Síochána (the police force) led to the resignation of both men, and eventually the departure of the secretary general of the Department of Justice as well.

Ministers select their own advisers and consultants and these exercise considerable influence. For the most part, however, individual ministers do implement government policy. But over time there is a tendency for some to pursue increasingly idiosyncratic goals. The ultimate sanction can be exercised by the taoiseach, as occurred in the major cabinet reshuffle of July 2014, which was designed to increase the government's cohesiveness.

Monitoring
Ministries
Score: 8

The annual budgetary process, and in particular the preparation of expenditure estimates, involves individual ministries submitting preliminary estimates to the Department of Finance. This is the opening of a battle for resources, as the department seeks to reconcile the sum of departmental claims with the total available for public spending. Whereas monitoring and oversight of most line ministry spending and policy implementation have been effective in recent years, the problem of large cost overruns in the Ministry of Health and confusion about the medium-term strategy for public health are long-standing and unresolved issues.

Having corrected its excessive deficit in 2015 and 2016 Irish policymakers were constrained by the rules of the EU fiscal compact in framing their 2017 budget. These reduced flexibility at the national level with regard to tax cuts and expenditure increases. However, these constraints were somewhat offset by revenue buoyancy resulting from unexpectedly rapid economic growth.

Monitoring
Agencies,
Bureaucracies
Score: 5

The number of government agencies has been steadily increasing. In 1950, there were around 130 agencies. By 2010, there were more than 350 agencies (see MacCarthaigh, 2012).

The Health Services Executive (HSE) is the government agency responsible for providing public health care. It is the largest semi-autonomous bureaucracy in the country. It was formed by the amalgamation of local health boards 10 years ago; it remains difficult to identify the savings that were promised due to this rationalization. On the other hand, cost overruns and low delivery standards have been a persistent feature of the agency. The history of HSE weighs heavily on public perceptions of the new Irish Water agency.

In other areas, the autonomy of executive agencies has yielded mixed results, and the monitoring of these agencies is not sufficiently close to ensure that government policy is being implemented efficiently.

The Office of the Comptroller and Auditor General (OCAG) is responsible for auditing and reporting on the accounts of all public bodies, ensuring that funds are applied for the purposes intended, and evaluating the effectiveness of operations. The OCAG does not regularly monitor all executive agencies. It seems to select those where it knows or suspects that problems have arisen. Its mission statement says it “selects issues for examination which are important in the context of the management of public funds.” Its reports contain details of overspending and inefficiencies, and make recommendations for improving financial administration within the public sector.

In summary, a system of monitoring executive agencies is in place, but recent high-profile cases show that it all too often discovers failings and shortcomings after they have occurred and has not been very effective in averting them.

The latest (2013) OCAG reports on the accounts of the public services are available here:

<http://www.audgen.gov.ie/viewdoc.asp?fn=/documents/annualreports/2013/Report/En/ReportIndex.htm>

http://www.audgen.gov.ie/viewdoc.asp?fn=/documents/annualreports/2013/AppAcc/En/AppAccIndex_2013.htm

A list of special reports on value for money in the public sector is available here:

<http://audgen.gov.ie/viewdoc.asp?DocID=-1&CatID=5&UserLang=EN&m=13>

Task Funding
Score: 7

One of the motivations for the creation of Irish Water in 2013 was to remove responsibility for the provision of water services from local governments, many of which had failed to provide a reliable supply of high-quality water to their populations and had seriously under-invested in water infrastructure over the years, perhaps largely due to inadequate funding from the central government. The water initiative paralleled the decision in 2005 to remove the provision of public-health services from regional health boards, centralizing this power instead in the Health Services Executive. As we have seen, this has not resulted in a smoothly functioning health care delivery system.

The functions and services that remain the responsibility of subnational units of government are largely funded by the central government rather than from local resources. In 2013, grants from the central government accounted for 43% of the current revenue and 90% of the capital revenue of subnational governmental units. Local taxes accounted for only 28% of their current receipts. While the introduction of the local property tax raised the proportion of funds coming from local sources, subnational units of government still remain heavily dependent on the central government for resources. This dependence is proportionately greater in the case of smaller and poorer local units.

The receipts from the new local property tax (LPT) are to be distributed as follows: in 2015, 80% will be retained locally to fund vital public services, while the remaining 20% will be redistributed to provide top-up funding to certain local authorities that have lower property-tax bases due to variance in property values.

No local authority will receive less income from the LPT in 2015 than they received from the Local Government Fund in 2014.

Constitutional
Discretion
Score: 5

Ireland is a unitary state, without a significant degree of autonomous local or regional self-government. Article 28a of the constitution simply states: “The state recognizes the role of local government in providing a forum for the democratic representation of local communities, in exercising and performing at local level powers and functions conferred by law and in promoting by its initiatives the interests of such communities.”

In keeping with its weak constitutional foundation, the role of subnational government is viewed by the electorate as confined to a narrow range of functions. Most of the units of local government – the counties and county boroughs – are small, and many have weak economic bases.

The role of subnational units of government has been progressively reduced, most notably by the removal of their responsibility for the provision of health and water services (respectively in 2005 and 2014). However, the government decided that local authorities that stand to receive more income in 2015 from the LPT than they received from the Local Government Fund in 2014 will be entitled to use a certain portion of that additional funding for their own discretionary purposes as part of their normal budgetary process.

While the Local Government Reform Act 2014 introduced some important changes in the structure of local government (merging three pairs of city/county councils and replacing town councils with municipal districts), it did not radically alter the structure or functions of local government. The act also replaced the existing regional authorities with three new Regional Assemblies that are tasked with preparing Regional Spatial and Economic Strategies by 2016. Local Community Development Committees have also been established. It remains to be seen if these developments will significantly increase subnational implementation autonomy.

National Standards
Score: 7

Most of the main public services (health, social welfare, education, public transport, building and maintaining the primary national road network, and, since 2014, the provision of water services) are provided by the central government or national public utility companies; there is little scope for subnational governments to influence standards.

The attainment of national (or, more usually now, EU) levels of public services is prescribed and monitored in other areas where local government plays a greater role, notably environmental services and standards.

The Environmental Protection Agency (EPA) plays a key role in enforcing standards across the country. The Office of Environmental Enforcement supervises the environmental protection activities of local authorities by auditing their performance, providing advice and guidance, and in some cases giving binding directions. It can assist the public in bringing prosecutions against local authorities found to be in breach of significant legislation. In other areas – the provision of social housing, maintenance of local roads, and other such issues – the attainment of national standards is largely constrained by the resources made available by the central government. There is significant variation between local providers in these areas.

Adaptability

Domestic
Adaptability
Score: 9

The key influence in this area is Ireland’s membership in the European Union and, in the financial area, of the euro zone. Over the 42 years since Ireland became a member of the European Economic Community, the country has adapted institutions at all levels of government to allow effective functioning in Europe. Having successfully implemented the 2010 bailout agreement with the Troika, Ireland is now committed to adhering to the EU rules of economic governance contained in the Treaty on Stability, Coordination and Governance and the fiscal procedures contained in the European Semester. The unexpectedly strong economic performance since 2013 has greatly facilitated compliance with these obligations.

For a discussion of the framework of Ireland’s economic governance see <http://www.iiea.com/publications/reforming-european-economic-governance?gclid=CKCIzsatvcECFQRj2wodjz4A9w#sthash.II8sWbHq.dpufin> return for

International
Coordination
Score: 7

The country contributes to international efforts to foster the provision of global public goods primarily through its active participation in European policymaking institutions. Irish government structures have been progressively altered to support this capacity.

Ireland has continued to maintain a relatively high level of overseas development assistance since the onset of the economic crisis. It also continues to play an active part in the development of the European response to climate change. The Irish and Kenyan ambassadors co-facilitated the final intergovernmental negotiations that led to the adoption of the UN’s Global Goals (Sustainable Development Goals) in 2015.

Citation:

For an account of Ireland's role in negotiating the Sustainable Development Goals see <https://www.irishaid.ie/what-we-do/post-2015-negotiations/ireland's-special-role/>

Organizational Reform

Self-monitoring
Score: 7

The present government has a mandate for institutional reform and has made some progress in implementing its program in this area as set out in its four Annual Reviews of the Programme for Government. Specific examples have been discussed in relation to other SGI criteria.

Institutional
Reform
Score: 7

Radical change was called for in the wake of the dramatic policy and governance failures that contributed to the severity of the crisis. However, the specific reforms implemented have been relatively limited and some of the initial momentum has been lost as the government enters its final year and a general election looms. Nonetheless, improvements in strategic capacity introduced during the period of the Troika agreement have been retained.

Institutional arrangements for supervising and regulating the financial-services sector have been overhauled to address shortcomings that contributed to the crisis. The Department of Finance has been restructured and strengthened, a Fiscal Advisory Council established, and a parliamentary inquiry into the banking crisis completed its public hearings.

During this dáil, members of the Dáil Eireann elected the Ceann Comhairle (Speaker of the House) directly by secret ballot for the first time. All parliamentary committees have been established and committee chairs appointed using the D'Hondt system. Under the new system, 13 of the 19 core committees are chaired by opposition members.

II. Executive Accountability

Citizens' Participatory Competence

Policy Knowledge
Score: 8

In the 2016 general election, electoral turnout dropped to 65.2% from 70.1% in 2011. This fall in turnout reflects economic recovery and strong rates of economic growth.

The proportion of Irish respondents claiming to have heard of various European institutions is consistently higher than the EU average. The level of personal

familiarity with elected politicians is very high – it has been claimed that a majority of the electorate have actually been canvassed by at least one person seeking election to the national parliament. In addition, the quality of debate on policy issues is high.

The Citizens' Assembly held its inaugural meeting in October 2016 and is independently chaired by Justice Mary Laffoy. The assembly will consider a range of issues over the coming year, the first being the Eighth Amendment of the Constitution.

Legislative Actors' Resources

Parliamentary
Resources
Score: 5

The Oireachtas Library and Research Service manages the Irish parliamentary library. The service's primary users are the individual members of the houses of the Oireachtas, committees and staff of the houses.

Whereas ministers recruit advisers and experts, there is no system of internships that allows members to recruit researchers and no tradition of members or groupings commissioning and publishing evaluations of government activity. The main resource available to members for monitoring government activity is the committee system. This allows members to call expert witnesses and explore the implications of proposed legislation. The resources available to these committees appear adequate for their purpose.

These resources are complemented through the mechanism of Parliamentary Questions. Dáil Éireann allocates time during which deputies may ask questions of members of the government relating to their departments or to matters of administration for which they are responsible. Considerable civil service resources are devoted to researching the answers to these questions, of which a total of 50,000 were processed during 2014. This works out at an impressive average of 300 per deputy.

Citation:

A statement of the services available from the Oireachtas Library and Research Services is provided here: <http://www.oireachtas.ie/parliament/media/housesoftheoireachtas/libraryresearch/others/LRSStatementofServicesapprovedbyCommission2012.pdf>
Michael Gallagher, 'The Oireachtas: President and Parliament', in John Coakley and Michael Gallagher (eds), *Politics in the Republic of Ireland*, 2010.

Obtaining
Documents
Score: 7

Parliamentary committees have the power to send for persons, papers and records; to require attendance by ministers in order discuss current policies and proposals for legislation; and to require the attendance of principal officeholders in bodies that are funded by the state. The issue of access to government documents by committees has not been contentious in recent years.

While parliamentary committees were once weak, they have been getting stronger since the 1980s. One comparative ranking of the strength of committee systems in 39 advanced industrial democracies placed Ireland mid-table (Martin 2010).

Citation:

The Committee of Inquiry into the Banking Crisis Final Report January, 2016.

The scope and structure of the Banking Inquiry are set out here:

<http://www.oireachtas.ie/parliament/media/Relevant-Proposal-to-the-Committees-on-Procedure-and-Privileges-of-Dail-Eireann-and-Seanad-Eireann.pdf>

Shane Martin 'The Committee System', in Muiris MacCarthaigh and Maurice Manning (eds, 2010) The Houses of the Oireachtas. Dublin: IPA.

Summoning
Ministers
Score: 8

The powers and scope of Oireachtas committees of inquiry are set out in the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013, which was signed into law in July 2013. The act provides for Oireachtas inquiries, consistent with the Supreme Court's judgment on the scope of such inquiries. The scope of legitimate parliamentary inquiries that can now be carried out is broad. The legislation expands the scope of evidence that civil servants may give, thus enabling committees to develop a full narrative of events for the purpose of establishing facts.

Cabinet ministers regularly attend committees and assist them with their work. Oireachtas (parliamentary) committees play an increasingly important role in parliamentary business. They can receive submissions and hear evidence from interested groups, discuss and draft legislative proposals, publish minutes of evidence and related documents, and demand the attendance of government ministers.

Citation:

For a discussion of how a constitutional provision for cabinet confidentiality might impinge on the work of the Banking Inquiry, see the July 2014 post by Dr. Conor O'Mahony on the

Constitution Project @ UCC website:

"Cabinet Confidentiality and the Banking Inquiry"

<http://constitutionproject.ie/?p=342>

However, the committee's work was not unduly hampered by these considerations.

For the Supreme Court judgment on the powers of Oireachtas Inquiries see

https://www.google.ie/search?q=abbeylara+case&oq=abbeylara+case&aqs=chrome..69i57.8950j1j7&sourceid=chrome&es_sm=122&ie=UTF-8

Summoning
Experts
Score: 10
Task Area
Congruence
Score: 6

There are no restrictions on summoning expert witnesses to their meetings.

There is a considerable amount of variance in both the number and task congruence of committees across parliaments.

There are 22 regular committees serving the current dáil, which for the most part shadow the main line ministries. In addition, there are also other types of

committees, such as special committees (i.e., temporary, subject-specific committees rather than standing committees). These include special committees on the future funding of water resources, the future of healthcare, and housing and homelessness. The latter committee delivered its final report in June 2016 and has ceased its work. In July 2016, as part of the process of reforming the dáil, a new standing committee was established, the Committee on Budgetary Oversight, to help parliament monitor the government's economic and financial policy decisions. The committee has 15 members representing all parliamentary parties. No member of the committee can be a government minister.

Audit Office
Score: 9

The Office of the Comptroller and Auditor General (OCAG) reports to the lower house of parliament. The OCAG attends meetings of the lower house's Public Accounts Committee (PAC) as a permanent witness. The results of the OCAG's independent examinations are used for PAC enquiries.

The PAC's effectiveness is enhanced by having the OCAG's reports as a starting point, and in turn the OCAG's scrutiny gains significantly in impact and effectiveness because its reports are considered by and used as a basis for action by the PAC. The PAC examines and reports to the lower house as a whole on its review of accounts audited by the OCAG. This process ensures that the parliament can rely on its own auditing processes and capacities.

Ombuds Office
Score: 8

The Office of the Ombudsman investigates complaints about the administrative actions of government departments, the health service executive and local authorities. Ireland largely follows the Scandinavian ombudsman model. The ombudsman acts in the public interest as part of an overall system of checks and balances, as representing and protecting the people from any excess or unfairness on the part of government. The ombudsman reports to parliament at least twice a year.

Only twice in the 25-year history of the Office of the Ombudsman have its recommendations been rejected by government. In 2009, the ombudsman was invited to appear before the relevant parliamentary committee to explain her views on the matter. The fact that this sort of conflict has arisen so rarely, and when it did it attracted so much publicity, is evidence that the office generally operates effectively and has its findings accepted by parliament.

In addition to the main Office of the Ombudsman, there are separate ombudsmen for the national police force (the Garda Síochána Ombudsman Commission, GSOC), financial services, children, insurance, the army, the press, and pension issues. These offices are effective in listening to the concerns of citizens in their dealings with government agencies.

Media

Media Reporting
Score: 9

The Broadcasting Authority of Ireland (BAI) aims to ensure that “the democratic values enshrined in the constitution, especially those relating to rightful liberty of expression, are upheld,” and that broadcasting services are “open and pluralistic.”

The largest TV and radio stations in Ireland are operated by RTÉ, a state-owned public service broadcaster financed by revenue from the mandatory TV license, as well as by advertising. Since 1988, RTÉ has faced competition from privately owned radio and television stations. RTÉ devotes a significant proportion of TV and radio air time to news and commentary on current affairs and political issues. It also undertakes original investigative journalism. The privately-owned TV and radio stations have to devote specified proportions of airtime to current affairs and public service programs. However, in terms of listener hours, music and entertainment outweigh current affairs and analysis.

The main stations produce high-quality information programs and programs devoted to in-depth analysis of government policy and decisions. They provide forums for discussions of current affairs, as well as outlets for opinions and grievances. These programs elicit reactions and responses from politicians. The two largest-circulation daily newspapers provide ample information on and analysis of government decisions.

The Press Council of Ireland provides an independent forum for resolving complaints about the press. In 2012, the United Kingdom’s Leveson inquiry mentioned the Irish Press Council as a model.

Irish newspaper circulation (print and electronic versions combined) continued to fall over the review period, but the main newspapers are devoting additional resources to improved electronic dissemination of news and analysis.

Parties and Interest Associations

Intra-party
Democracy
Score: 5

The prime minister is elected by the lower house of the parliament and is usually the leader of the biggest party in parliament. The position of party leader is therefore of great significance.

In the 2016 general election, the vote shares received by the four largest parties were: Fine Gael 25.5%, Fianna Fáil 24.3%, Sinn Féin 13.8% and the Labour Party 6.6%. Smaller parties and independent candidates won around 30% of the votes.

Specific party procedures for selecting party leaders and presidential candidates are detailed below. However, all the main parties now use a one member one voting system, meaning that each party member can vote once for the party candidate in their constituency. As such, party members are important gatekeepers to the selection of parliamentary candidates.

Fine Gael:

The party leader is selected by secret ballot of the members of the parliamentary party. The party selected its presidential candidate in 2011 at a special convention. Voting was by secret ballot, with an electoral college made up as follows: 70% members of the Fine Gael parliamentary party, 20% Fine Gael members of county and city councils and 10% by the 12-member Fine Gael executive council.

The Labour Party:

When the party became the junior partner in the 2011 coalition government, the party leader was automatically nominated as tánaiste or deputy prime minister. The leader of the party is elected at the national conference by vote of the party members. Following setbacks in the local and European elections in May 2014, the party elected a new leader in July, who then became deputy prime minister. The 2016 general election had a devastating impact on the Labour Party, which lost 30 seats in it leaving it with only seven seats in the parliament.

Fianna Fáil:

The party has a pyramidal structure based on the local branches or cumainn. There are approximately 3000 of these across the country. The party leader is elected by the party's serving members of parliament. When in power, the party president has always been elected taoiseach (prime minister) by the serving members. In the past, there has been controversy over votes of confidence in the party leader and whether these should be by secret ballot or a show of hands

Sinn Féin:

The president of Sinn Féin has held office since 1983. We, therefore, have no recent precedent on which to base expectations about how the next party leader will be selected. Since the party entered politics in 1986, no vote of confidence in the party leader has been tabled. The Ard Fheis (National Delegate Conference) is Sinn Féin's ultimate policymaking body, where delegates – directly elected by members of local branches (cumainn) – vote on and adopt policies.

During the economic crisis the capacity of the trade unions and the employers' and farmers' associations to influence policy was seriously diminished. However, these associations are staffed by economists and other experts who conduct detailed background research and make detailed – if selective – cases to

support their favored policies. They make detailed submissions to the Finance Ministry during the annual budget process. The government takes some account of these arguments when preparing the budget and in formulating other policies.

Citation:
The number of independent commentaries and online policy forums has grown in recent years, see
<http://www.publicpolicy.ie/>
<http://www.irisheconomy.ie/>
<http://www.nerinstitute.net/>
<http://politicalreform.ie/>
<http://www.politics.ie/>

Association
Competence
(Others)
Score: 6

There is a strong tradition of interest associations and advocacy groups in Ireland, especially in the areas of health and social policy. While their influence was diminished by the financial constraints of the last six years, they continue to have an impact on policies relating to issues such as drug abuse, provision for people with disabilities, homelessness, asylum-seekers, and perceived inequalities and injustices in Irish society. While many of these associations prepare relevant policy proposals, their emphasis is on advocacy rather than analysis. The most influential of these associations, Social Justice Ireland, evolved from an association of members of Roman Catholic religious orders.

Citation:
For Social Justice Ireland, see
<http://www.socialjustice.ie>

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