Ireland Report

Antoin E. Murphy, Paul L. Mitchell,
Nils C. Bandelow (Coordinator)

Sustainable Governance Indicators 2020

SGI Sustainable Governance Indicators

Bertelsmann Stiftung

Executive Summary

In 2019, the Irish economy again performed impressively for key macroeconomic indicators. GDP growth was close to 5% and GNP growth was over 4%. Unemployment fell to 5%, a remarkable achievement given that it had been as high as 16% in 2012. Inflation remained at a very low rate of around 1%. The general government balance was in surplus at 0.2% and the general government debt as a percentage of GDP was 59%. Against a background of sluggish global growth and increasing uncertainty over the United Kingdom's approach to Brexit, it marks a significant achievement that the Irish economy was able to produce such positive macroeconomic indicators. On the political front, the confidence-and-supply agreement between Fine Gael and the main opposition party, Fianna Fáil, negotiated after the 2016 general election, remained in place with an expectation that there will be a new arrangement following the general election in February 2020.

Once again, it is impossible to predict which particular path the United Kingdom will adopt, or be forced to adopt, with respect to exiting the European Union. The October 2019 agreement between the United Kingdom and the European Union appears to avoid the catastrophic scenario of a no deal Brexit. It also removes the threat of a terrestrial border between Northern Ireland and the Republic of Ireland with the trade border to be determined by the Irish Sea, meaning that customs arrangements will be based in the airports and sea ports between Northern Ireland and the United Kingdom.

The implications for the Irish economy, while dependent on the nature of the new structure, will be considerable. At the macro level, any significant fall in the United Kingdom's economic growth rate will have repercussions for Irish exporters. Additionally, any sustained fall in the value of sterling relative to the euro will pose problems for import-competing companies in Ireland. The labor intensive agri-food sector has been identified as the sector at greatest risk in the case of a hard Brexit. Ireland's improved economic performance is attributable to relatively sound policy decisions, historically low interest rates and, most significantly, the continued growth of the export-driven multinational corporation sector.

Department of Finance, Budget 2020
ESRI Quarterly Economic Commentary Autumn 2019 by Kieran McQuinn, Conor O'Toole and Matthew Allen-Coghlan Central Bank of Ireland Quarterly Bulletin, July 2019

Key Challenges

The key challenge facing the Irish economy relates to the role of multinational corporations (MNCs) in driving the current phase of economic growth. Ireland’s economic performance over the last 25 years may be classified under four phases. Phase one, between 1994 – 2001, was a golden period of economic growth and rising employment predominantly driven by the exporting activities of high-tech MNCs. Phase two, between 2002 – 2007, produced a change of direction with most of the growth emanating from the domestic property/construction sector financed by an out of control banking system. Phase three, between 2008 – 2012, was a period of economic implosion and heavy retrenchment arising from the banking and construction excesses of phase two. Phase three was marked by severe cutbacks in fiscal expenditure, increases in taxation and sizable reductions in bank lending, allied with a significant reliance on the Troika (IMF, ECB and European Commission). Phase four, starting in 2013 and continuing over the last six years, has marked a new period of economic growth similar to phase one in that it is largely driven by MNCs. Once again, economic growth has been predominantly export driven with 83% of exports emanating from the MNC sector.

A report by the Irish Exporters Association demonstrated the dependency of the Irish economy on the exports of MNCs. The report showed that 73% of total exports from Ireland emanated from MNC exports in just three sectors. The first exporting sector was that of pharmaceuticals, which provided 35% of total exports through the activities of Abbot Laboratories, Alexion, Allergan, Boston Scientific, Gilead, Johnson and Johnson, Mallinckrodt, Medtronic, McKesson, Merck, Perrigo, Pfizer and Takeda. The second highest exporting sector with 29% of exports consisted of just four companies – Google, Apple, Microsoft and Facebook. The tech sector provided 19% of exports through the activities of Adobe, Dell, Intel, Oracle, VMware and Western Digital.

Currently, one-quarter of the Irish business labor force is directly employed by MNCs, while MNCs have a significant indirect influence on the employment market through labor employed in the services sector, notably in areas such as accounting, law, and building and construction.

At the fiscal level, 77% of corporate tax receipts, and 40% of income tax and Universal Social Change payments come from MNCs. It was believed that

2018 represented an exceptional year in the generation of corporate taxes in Ireland as a result of a “one-off” payment made by a single company in November of that year. However, the latest tax returns for 2019 indicate that corporate tax revenues will reach a new record of over €11 billion, an increase of over 100% on corporate tax revenues for 2014 of less than €5 billion. Furthermore, around 50% of these tax revenues are believed come from just 10 MNCs, notably Apple, Dell, Google, Microsoft and Oracle.

As a small open economy, while it is re-assuring at one level to find that a large proportion of Ireland’s economic growth is export driven, there are important caveats that need to be noted on this front, which may become an Achilles heel for the economy in the years ahead. The main concern on this front is the possibility of international changes in the taxation of MNCs, which would make Ireland a less attractive habitat for MNCs. At a global level, there is increasing pressure from the OECD to push the taxable profits of MNCs to market jurisdictions so that MNCs pay more of their taxes in the countries of sale origin and less in the countries in which they are tax resident. Such a move may reduce the attractiveness of low corporate tax bases, such as Ireland, as well as reducing the amount collected in corporate tax from these MNCs.

A second major concern is the way in which MNC activities influence Ireland’s main macroeconomic indicators, including GDP, investment expenditure, and exports and imports. As a result of the deep involvement of MNCs in the Irish economy, the official statistics on Ireland’s economic performance present (a) an over optimistic picture of developments in the real economy and (b) show increasing volatility with respect to key sectors such as exports and investment expenditure. The recorded figures for GDP growth provide an over-exaggerated picture of the economy because they include the contributions of MNCs. When profit repatriation by MNCs is excluded from the national accounts, the resulting GNP estimates provide a more accurate statement of the real economy. A report by Brad Setser for the U.S. Council on Foreign Relations, Ireland’s Cry for Statistical Help, indicated that the GDP data compiled for Ireland had become so extreme “that it almost reads like a plea for a new system of national accounts.”
Illustrative of this process, the statistics for changes in investment expenditure have become increasingly volatile as may be noted from the ESRI indicator on gross domestic fixed capital formation (50.8% in 2016, -6.8% in 2017, -21.1% in 2018, 45.1% in 2019 and 4.6% in 2020).

The ESRI indicator reported that investment expenditure changed abruptly from 51% in 2016 to -7% in 2017 and -21% in 2018, followed by an estimated upward surge of 45% in 2019.

These are topsy-turvy Alice in Wonderland figures rather than serious macroeconomic indicators. The key phenomenon here has been the on-shoring of intellectual property rights in Ireland by MNCs. The transfer of intellectual property rights along with changes in aircraft leasing expenditures – 50% of all aviation leasing contracts pass through Ireland – have played havoc with the compilation of statistics on investment expenditure. Once adjustments are made for this exceptional item, it is clear that domestic investment expenditure increased rather than fell in 2018. The expected growth of 45% in investment expenditure in 2019 is similarly biased because of the treatment of intellectual property rights and aircraft leasing.

The knock-on effects of these problems for economic policy are considerable. Ireland’s forecasted GDP (€349 billion) in 2019 is significantly over-inflated by the activities of MNCs with GDP over €78 billion greater than GNP. Similarly, export statistics were over-inflated by the activities of MNCs.

One major implication of the activities of MNCs has been the way in which corporation tax increases have fed into the financing of increased public sector expenditure – a phenomenon increasingly noted by the Irish Fiscal Advisory Council in its annual reports. Economists at the central bank have estimated that, since 2014, 40% of increased taxation has come from buoyant corporate tax revenues. Such a windfall gain in taxation is highly reminiscent of similar windfall gains from property-related taxes during the second phase of the Celtic Tiger boom between 2003 and 2007, which facilitated excessive public sector expenditure leading to the fiscal crisis between 2008 and 2013. Over the first nine months of 2019, corporation tax receipts reached a record €6.9 billion (income tax receipts for the same period amounted to €17.6 billion), suggesting that total tax revenue from this source will be well over €11 billion for the year.

At some stage in the future, it is possible that there may be a considerable fall in corporate tax revenue resulting from changes in the taxation of corporates by the United States and/or the European Union. While the Irish government has established a “rainy day” fund to meet unforeseen contingencies, there is a strong argument for significantly increasing this fund because of the potential danger of a considerable reduction in corporate taxation in future years. In the 2019 budget, while a €1.5 billion contribution from the Ireland Strategic Investment Fund was made to seed the newly established “rainy day” fund this merely represented a shifting of money between government accounts. Only €500 million was earmarked for the “rainy day” fund from the 2019 budget – less than 1% of net current expenditure by the government. In the 2020 budget, based on the assumption of an adverse Brexit scenario, the minister of finance decided to cancel the annual €500 million to the “rainy day” fund.

At the time of writing, there was still considerable uncertainty with respect to Brexit. Ireland is the only EU member state to share a land border with the United Kingdom. The tentative October agreement reached between the government of the new British prime minister, Boris Johnson, and the European Union shifted the border, from a customs perspective, away from land border sites to the Irish Sea. From an Irish political perspective, this agreement represents a considerable improvement on a hard Brexit scenario. The United Kingdom accounts for a significant share of Ireland’s external trade. The bare trade statistics (14% of Irish exports go to the United Kingdom) appear to suggest that Ireland’s dependence on the United Kingdom has greatly reduced in recent years. However, this decline is largely the result of strong growth in high-tech and pharmaceutical exports from Ireland to countries other than the United Kingdom. The United Kingdom 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 United Kingdom.

One of the most difficult cyclical phenomena to manage is that of housing and construction. Ireland’s housing and construction boom between 2002 and 2008 created a highly unstable banking and financial environment along with a fiscal system excessively dependent on taxes from this sector. The ensuing collapse led to an oversupply of housing marked by newly constructed ghost villages. Building and construction activity fell dramatically and many key workers in this sector emigrated. The return to economic growth from 2013 onwards has meant that the building and construction sector was ill-equipped to meet the increasing demand for new housing. Additional to this, several banks that had been adversely affected following the previous period of expansion were reluctant to lend to builders and developers. This meant that in 2013, only 4,575 new dwellings were completed, followed by 5,518 in 2014, 7,219 in 2015, 9,915 in 2016 and 14,446 in 2017. The situation improved somewhat in 2019 with 22,000 dwellings expected to be completed. Despite this, the number of housing completions has been inadequate given the demand for housing resulting from the improved economic situation. Some forecasters believe that Ireland needs to build an average of 35,000 new units per year, with half of these required outside the Dublin area (see Initiative Ireland Housing 2031). The Housing Agency estimated that the total number of households that qualify for social housing amounted to nearly 72,000 in 2018.

The inadequate flow of new housing relative to shifts in demand has had severe repercussions on the rental market. Over the period 2010 to 2019, rental prices doubled in Ireland. There are now signs that the rapid inflation in the rental market may have peaked. Inflation in the private rental market, as measured by a Daft.ie report in November 2019, fell from 12% in mid-2018 to 5.2% in the third quarter of 2019. Dublin appears to be driving this moderation as over the same period the inflation rate in private rental prices fell from 13.4% to 3.9%. On 4 October 2018, the Irish parliament passed a motion declaring housing and homelessness a national emergency.

The most recent political challenge is the hung parliament following the 2020 general election. Fine Gael, which has ruled as a minority government since May 2016, lost 12 seats, only winning a total of 35 seats. Sinn Féin gained the majority of the popular vote, but only won 37 seats. Fianna Fáil came second after a loss of eight seats, winning a total of 37 seats. The stalemate led to the resignation of Lea Varadkar as taoiseach in February 2020. The rise of Sinn Féin is a historic break from the rule of the two center-right parties. As there are 160 seats in parliament, even a coalition between Fianna Fáil and Fine Gael will need additional support to gain a majority. On the other hand, Sinn Féin could not command a majority even if it were to collaborate with other center-left and left parties within the Dáil Éireann.

Citation:
Lorenz Emter, Peter McQuade and Caroline Mehigan 'MNEs in Ireland: A Firm Level Analysis, Central Bank of Ireland Quarterly Bulletin, July 2019.
'Top 250 Exporters in Ireland and Northern Ireland 2015,' The Irish Exporters Association, 2015.
Brad Setser 'Ireland's Cry for Statistical Help' U.S. Council for Foreign Relations, 2019.
For political events see: Michael Gallagher and Michael Marsh (2016, eds), How Ireland Voted 2016: The Election that Nobody Won. London: Palgrave Macmillan.
Summary of Social Housing Assessments, Housing Agency 2018
Irish Fiscal Advisory Council, Fiscal Assessment Report, November 2019
Initiative Ireland Housing 2031, February 2018

Party Polarization

The 2016 general election produced a minority Fine Gael government, which is very much dependent on a confidence-and-supply arrangement with the other major party, Fianna Fáil. Under the arrangement, Fianna Fáil has not opposed the passing of the government's annual budgets. The confidence-and-supply arrangement was produced on the basis of an agreed range of policy principles. By the end of 2019, this confidence-and-supply arrangement had facilitated the passing of four annual budgets. It looks as if this arrangement will end following the general election of 2020. (Score: 7)

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 8

Despite the overstating of Ireland's economic performance through the activities of the multinational corporations, the underlying domestic economy performed extremely well in 2019. Proxy indicators such as labor market data, tax revenue, modified investment expenditure and consumption expenditure were all positive. Total employment increased to 2.3 million and unemployment fell to 5.1% of the labor force.

However, against this background of strong economic growth, Ireland faces some serious supply-side constraints, most notably in the area of housing.

In November 2018, the Irish Fiscal Advisory Council (IFAC), which was formally established as a statutory body in December 2012 under the Fiscal Responsibility Act, published its fifteenth Fiscal Assessment Report. The report, under the chairmanship of academic Seamus Coffey, was highly critical of government budgetary policy. It asserted that there had been no improvement in the budget balance, excluding interest costs, since 2015 and maintained that non-interest spending by the government has expanded at the same pace as government revenues. Arguing that a great deal of the improvement in government revenues has been cyclical or temporary, the IFAC report suggested that the overall structural position has deteriorated. Resulting from this, the IFAC report contended that opportunities to strengthen the budget balance during the upswing in the economic cycle have been missed. It identified unbudgeted increases most notably in the area of healthcare as a major problem area and argued that the Health Service

Executive (HSE) has exceeded its allocation by almost €2 billion over the previous four years.

In its initial comments on the 2020 budget, IFAC stressed that the economy faces unusual uncertainty on two fronts, namely (1) overheating, because the economy is close to its potential, and (2) Brexit-related issues. IFAC stressed that health over-runs continue despite large planned increases. In the health budget for 2019 an increase of €1.7 billion was planned pushing total health expenditure up to €17 billion. Budget 2020 indicates that, notwithstanding this increase, there was a further over-run of €0.4 billion in 2019 – this unplanned increase repeats the pattern of over-runs in recent years.

Citation:
Department of Finance, Budget 2019
Economic and Social Research Institute Quarterly Economic Commentary, September 2018 by Kieran McQuinn, Conor O'Toole and Philip Economides.
Irish Fiscal Advisory Council, Fiscal Assessment Report, November, 2019.

Labor Markets

Labor Market Policy
Score: 8

Ireland's rapid economic growth over the last six years has been reflected by significant improvements in the labor market. Total employment amounted to 2,305,000 in 2019.
The composition of the labor force has shifted significantly away from relatively low-skill construction work toward higher-skill service and advanced manufacturing jobs. From a peak of 16% in 2012, the unemployment rate fell to 6.2% in 2017, to 5.3%, in 2018. In October 2019, the seasonally adjusted unemployment rate had fallen to 4.8%.

The greatly improved labor market statistics for Ireland have several important consequences. In the first place, continued economic growth will necessitate a growth in immigration to ensure that the economy does not face capacity constraints. To facilitate this growth in immigration there is a need to improve the infrastructure, particularly with respect to housing. It has been estimated that at least 35,000 housing units need to be added annually. However, the lagged effects of the financial crisis have had significant negative consequences for the construction sector. Because of the collapse in the property market between 2008 and 2014, the knock-on effects to the construction sector caused skilled construction workers to emigrate and building entrepreneurs to go into liquidation. De-leveraging by the banks, which had been massively over-committed to the property market, meant that the flow of finance available for construction and mortgages was greatly reduced. In 2017, 15,000 housing units were built, with a further 18,000 built in 2019 and 22,000 expected to be built in 2020. While showing an upward trend, the number of new houses built will still fall far short of the annual target of 35,000 units.

A second important consequence of the strong growth in the labor market will be the impact on future earnings. Hitherto because of the strong deflationary effects on earnings created by the financial crisis of 2008 to 2014, the growth in nominal wages has been subdued. The growth in average hourly earnings was 2.2% in 2015, 2.5% in 2016 and 2.8% in 2017. The ESRI forecasted that the growth in average hourly earnings was 3% for 2018, increasing to 3.5% in the second quarter of 2019. However, it will be difficult to contain the growth in earnings on such a subdued scale if the economy continues to register a 5% growth rate.

Citation:
Central Statistics Office, Labour Force Employment Series Quarter 2 2019, Preliminary estimates of the Earnings and Labour Costs Quarterly Release (November 2019)

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, which was steeply progressive with respect to property values.

The 2020 budget produced one significant taxation change with a further move toward increasing the carbon tax. The carbon tax was first introduced in Ireland in 2010 with an initial imposition of €10 per tonne of carbon dioxide. The rate was increased to €20 per tonne with effect from 1 May 2014. In the 2020 budget, the rate has been increased to €26 per tonne. This measure will raise €90 million in 2020 and the money raised will be ring fenced to fund climate action measures. There is cross party parliamentary support to increase the price of carbon from €20 to €80 a tonne by 2030. The recent budgetary change, while small, at least indicates that there is an increasing commitment to meet the objective of a carbon tax of €80 per tonne.

The indirect tax system is less progressive than the income tax and property-tax systems, and weighs relatively heavily on those in the lowest income distribution deciles. This is due, to a significant extent, to the heavy excise taxes on alcohol and tobacco products (once again increased in the 2020 budget), 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 FDI. This policy has been highly successful and is supported across the political spectrum. However, it has increasingly attracted hostile comments 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 (MNC). In October 2019, the OECD proposed that countries should be allowed to tax companies in their jurisdictions even if the companies have no physical presence there. Such a change in tax legislation could have significant implications for the activities of MNCs that are based in Ireland for taxation purposes. The OECD has also been consulting on the establishment of a global minimum tax rate, stating that:

"A minimum tax rate on all income reduces the incentive for taxpayers to engage in profit-shifting and establishes a floor for tax competition among jurisdictions."

Given that Ireland's 12.5% corporate tax rate is one of the lowest in the OECD, the implications of such a change in the taxation of MNCs could be considerable.

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.

Citation:
Tim Callan, Maxime Bercholz, Karina Doorley, Claire Keane, Mark Regan, Michael Savage and John R. Walsh 'Distributional Impace of Tax and Welfare Policies: Budget 2018. ESRI Quarterly Commentary, Winter 2017.
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: 8

The 2020 budget was developed in the shadow of Brexit. The central assumption was that there would be a no deal Brexit. Given such an assumption the Department of Finance forecasted that GDP would only grow by 0.7% in 2020 and that real GNP would fall by -0.1%. This is in sharp contrast to the European Commission's forecast of 3.5% GDP growth for 2020, which was based on the assumption of a soft Brexit. The minister of finance provided a package of €1.2 billion, excluding EU funding, to respond to Brexit. He also anticipated increasing external borrowing in the event of a no deal or a disorderly Brexit, and indicated that he would draw on money in the "rainy day" fund to mitigate any harsh Brexit measures. Furthermore, he decided not to transfer the expected €500 million from the 2020 budget into the "rainy day" fund.

There has been sustained progress toward correcting budget imbalances. The general government budget balance as a percentage of GDP fell to 0% in 2018 and moved to a small surplus of 0.2% in 2019. The most recent data show that the national debt-to-GDP ratio, which peaked at 120% in 2013, fell to 64% of GDP in 2018. When consideration is given to the government's assets, the net debt position relative to GDP is expected to fall to 59% of GDP in 2019. As a percentage of modified GNI, it had fallen from 97% in 2017 to 91% in 2018 and is expected to fall to 87% in 2019. Given that modified GNI is far more representative of the underlying behavior of the economy, the debt to modified GNI is still excessively high.

Leaving aside the ever-present possibility of adverse external shocks, a 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:
Department of Finance, Budget 2020.
Irish Fiscal Advisory Council, Fiscal Assessment Report, November 2019.

Research, Innovation and Infrastructure

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 readiness continues to lag behind most other northern and western European countries as well as Israel. Nonetheless, the World Economic Forum's Global Competitiveness Report for 2019 ranked Ireland 24 out of 141 countries in terms of global competitiveness. Ireland was ranked sixth in terms of its labor market competitiveness and 10th in terms of business dynamics.

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 to partially replace this facility. This provides for 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.

Citation:
World Economic Forum Global Competitiveness Report 2019

Global Financial System

Stabilizing Global Financial System
Score: 5

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.

Ireland is on all “tax haven” lists. Transfer pricing is key for Ireland’s economic success, although some people would call this unfriendly tax competition.

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 mathematical 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 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 after the 2008 crash 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 to rise to the challenge of providing 20,000 new residential units from its resources by 2020. The 2020 budget provided capital funding of over €1.1 billion to support the delivery of over 11,000 news social houses in 2020 with the expectation that a further 12,000 will be delivered in 2021.The budgetary provisions show that while progress has been made in delivering more social housing, the outcomes are still significantly below the 20,000 estimate that is required.

The unavailability of cheap housing, high and rising levels of rents, and growing homelessness have demonstrated that the housing crisis needs to be addressed by more inspired governmental and local authority initiatives, including the provision of inexpensive land zoned for building and changes to the permitted height of urban apartment dwellings.

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.

Citation:
Department of Finance, Budget 2020.

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 HSE; their reduction has been (repeatedly) declared a government priority.

Inclusiveness:
The Irish healthcare 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 six 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 over-runs 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 over-runs in health spending. These have continued since Ireland exited the bailout program. The Irish Fiscal Advisory Council in its November 2018 report highlighted the extent of cost over-runs in the healthcare service, stating that the HSE had exceeded its allocation by more than €2 billion over the previous four years. The report recognized that part of this over-run was due to high payments for medical cases settled by the State Claim Agency. The buoyancy of government tax revenues has enabled the government to absorb the healthcare over-runs. However, if there is a downturn in tax revenues and given the alarming healthcare over-runs to date, there is the potential for a major fiscal crisis.

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 childcare expenses. This, combined with the high cost of childcare 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 childcare 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.

Female labor force participation is still quite low and has not improved significantly in recent years. This is partly due to the relative lack of affordable pre-school nursery care.

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 €920 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

Internal Security Policy
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 European Union in framing trading policy and to some extent by concerns about domestic self-interest with regard to certain sectors, including farming.

III. Enviromental Policies

Environment

Environmental Policy
Score: 7

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 European Union 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.

The increase in the carbon tax, albeit a small one, in the 2020 budget at least demonstrates that a further step has been taken with respect to increasing the price of carbon from €20 to €80 per tonne by 2030. Against the backdrop of an assumption of a hard Brexit, the minister of finance only provided for a €6 per tonne increase in the carbon tax. Importantly, the money so raised by this tax to fund climate action measures has been ring fenced.

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 United Kingdom. The figures vary daily according to weather conditions. In 2018, electricity generated from wind and hydro (normalized) accounted for 21.1% and 2.5% respectively of Ireland's gross electrical consumption.

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 Éireann) 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 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 land 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:
Department of Finance, Budget 2020.
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.pd

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 European Union is committed to bringing forward its contribution to a global agreement early in 2015.” However, at the October 2014 EU 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 sizable 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 and supply until the end of 2018 (with a provision to renew this arrangement). This enabled Kenny to form a Fine Gael minority government with the support of nine independent deputies, three of whom were given senior ministerial positions. The replacement of Kenny by Varadkar as taoiseach in 2017 did not change this political arrangement. The threat of a general election in December 2017 was averted by the resignation of the tánaiste, Frances Fitzgerald, on an issue relating to communications during the Garda whistleblower inquiry. She was subsequently cleared of all wrong-doing.

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. Interestingly the adoption of quotas did not change voting behavior. The Irish electorate (with the partial exception of supporters of Fianna Fáil) appear to be largely “gender blind:” people cast their vote for candidates based on their party affiliation, political experience and quality more generally. (See McElroy 2018 for more detail).

A general election was held on 8 February 2020. The results show a continuing fragmentation of the Irish party system, which now has three medium-sized parties and no “large” parties. Sinn Féin attracted the most votes winning 24.5% of the popular vote, by far their best ever result (winning 37 seats). Fianna Fáil took 22% of the vote and 38 seats. Fine Gael, which led the outgoing government, placed third with 21% of the vote and 35 seats. Six other small parties won seats as did 19 independents. At the time of reporting, government formation is problematic, not least because Fine Gael and Fianna Fáil are so far refusing to govern with Sinn Féin, while Fianna Fáil and Fine Gael are also saying they will not govern together. Further, even if any two of these three parties did agree to govern together, they would still be short of the 80 teachta dálas needed to form a majority government.

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).
Michael Marsh, David Farrell and Gail McElroy (2017, eds). A Conservative Revolution? Electoral Change in Twenty-First Century Ireland. Oxford University Press.
Michael Marsh, David Farrell and Theresa Reidy (2018, eds). The Post-Crisis Irish Voter. Manchester University Press.
Gail McElroy (2018) 'The Impact of Gender Quotas on Voting Behaviour in 2016,' in Marsh, Farrell and Ready (2018, eds – listed above).

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 Broadcasting Act), 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."

All newspaper groups in Ireland are privately owned commercial operations. There have been some concerns about the dominant market positions of some media groups, in particular Independent News and Media.

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.
Kevin Rafter (2018), 'The Media and Politics,' in John Coakley and Michael Gallagher (2018, eds) Politics in the Republic of Ireland, 6th edition. Routledge.

Voting and Registration 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 in parliamentary, 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.

There was a small change to the layout of the ballot paper in 2016, designed to reduce possible voter confusion. The party logos, which were previously on the left of the ballot paper, have now been moved to the right just before the candidates' photographs. This was designed to eliminate the problem of blank boxes on the left of the paper (in the case of independent candidates without a logo), into which some voters inadvertently or deliberately placed their preferences, thus spoiling the ballot.

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 2017.

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.

Direct public funding is of two types. The first is a contribution to political parties' annual running costs (excluding elections). Each qualifying party receives a fixed sum of about €130,000, plus an additional share based on the number of first-preference votes it won in the previous election. In 2017, the total funding from this source was nearly €5 million. The second source is annual allowances to party leaders to cover expenses arising from work in parliament. The allowance for each leader is based on the size of their parliamentary party, although the amount given to government parties is reduced by one-third in order to lessen the "resource gap" between governing and opposition parties. Independent members of parliament are also entitled to this funding, which is currently €37,037.

Total funding from these two sources is considerable. In 2015, Fine Gael received €4.7 million, Labour €2.9 million, Fianna Fáil €2.7 million and Sinn Féin €1.7 million. In addition, smaller parties received a combined €330,000, while the 27 independent members of parliament collectively received €814,268. (Standards in Public Office Commission 2016: Exchequer Funding of Political Parties).

The figures above do not cover the reimbursement of election expenses, which are treated separately. In the 2016 general election, each candidate (that secured at least one-quarter of the quota at any point in the count) was entitled to receive a reimbursement of up to €8,700. The total paid following the 2016 general election was €2.7 million.

Combining all of these different funding sources, the total sum paid to political parties and candidates was just over €16 million in 2015. As Liam Weeks comments: state funding “amounts to 84% of parties’ total income and indicates the extent to which they have become dependent on the state for survival.”

While a lack of transparency in the sources of political finance used to be a big problem in Irish politics, the very considerably increased levels of state funding have reduced this problem, and strengthened regulation of political donations and campaign spending during elections. Candidates are required to declare all donations over €600, while political parties are required to declare all donations over €1,500. The amount of private donations to parties is now low, totaling €173,000 in 2015.

During elections (i.e., from the date of dissolution of the Dáil until polling day) there are strict limits on how much candidates can spend. For the 2016 general election, this ranged from €37,650 in a three-seat constituency to €45,200 in a five seat constituency. One caveat is that, outside of the “official” campaign period (defined above), there are no limits on what selected or prospective candidates may spend – which seems to be an odd omission.

Citation:
Standards in Public Office Commission, 2017. Political Parties’ Statements of Accounts, available at http://www.sipo.gov.ie/

Liam Weeks (2018), ‘Parties and Party System,’ in John Coakley and Michael Gallagher (eds) Politics in the republic of Ireland, 6th edition.

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." All broadcasters are legally obliged to report news in an objective and impartial manner, without any expression of the broadcaster's own views.

All newspapers (whether they be "Irish owned" or "Irish editions of British newspapers") are privately owned and dependent on commercial revenue; none receive public funding.

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."

Citation:
Kevin Rafter (2018), 'The Media and Politics,' in Politics in the Republic of Ireland (6th edition, Routledge).

Media Pluralism
Score: 8

A wide range of newspapers – national and local – are 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 to 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.

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.

Broadcasters try to meet their statutory requirements of achieving balance in electoral coverage by adopting what Kevin Rafter describes as a “stopwatch” approach – making adjustments during the campaign to try and make sure that actual coverage closely corresponds to the pre-determined on-air allocations. This can be more difficult to judge at times when there is a large swing in the fortunes of the parties. The collapse of the Fianna Fáil vote at the 2011 election was a dramatic example of this difficulty. In 2011, RTÉ introduced a new weighting system composed of four elements (each element weighted at 25%), namely: first-preference votes at the previous general election of 2007; percentage of seats held by the party at the time of the 2011 election; an estimate of the number of candidates nominated by each party in 2011; and an average of (a) mean opinion poll results from 2007 to 2011, (b) percentage of first-preference votes in the 2009 European parliamentary elections and (c) first-preference votes in the 2009 local government elections.

Citation:
Kevin Rafter (2018), ‘The Media and Politics,’ in Politics in the Republic of Ireland (6th edition, Routledge).

Access to Government Information
Score: 8

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. In 2105, almost 28,000 freedom of information requests were made to public bodies, with about 20% coming from journalists.

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 on-shoring 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)
Office of the Information Commissioner, 2016. Annual Report 2015. Dublin: Stationary Office.

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.

On 25 May 2018, a referendum on "The Thirty-sixth Amendment of the Constitution of Ireland," which proposed permitting the Irish parliament (the Oireachtas) to legislate for abortion, was passed by 66.4% of voters. It was signed into law by the president on 18 September 2018.

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. On 26 October 2018, the amendment to remove the offense of blasphemy from the Irish constitution was passed by a margin of 64.85% to 35.15%. Notwithstanding this constitutional change, the Defamation Act 2009 has not been repealed. Section 36 of the act carries a maximum fine of €25,000 for the utterance of material that is “grossly abusive or insulting in relation to matters held sacred by any religion.” However, only the Director of Public Prosecutions can instigate proceedings under this act and given its wording many constitutional lawyers believe it is unworkable.

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.

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 Traveler 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 to 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. The third interim report of the Disclosures Tribunal by Judge Peter Charleton, on 11 October 2018, revealed a considerable amount of corruption and inappropriate behavior with respect to the handling of statements by police whistleblowers at the higher levels of the police force. 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.merrionstreet.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/bjfn1u1n4ifdcsekb8vsaf0a2nnd850m/1442836800000/10437822469195814790/*/0B2B2HUQaR5vwUnpJRTZnMU1tbWc?e=download
Disclosures Tribunal (Tribunal of Inquiry into protected disclosures made under the Protected Disclosures Act 2014 and certain other matters following Resolutions). Third interim report by Mr. Justice Peter Charleton, October 11, 2018.

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.

Between 1937 and 2015, the courts declared 93 cases unconstitutional (Hogan et al, 2015).

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.

Appointment of Justices
Score: 7

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

The key government actors involved in making senior appointments are the taoiseach, the minister for justice, the attorney general and (in the case of a coalition government) any other party leader(s). This means that paper qualifications are not enough; "a crucial factor is being known personally by one of the key players" (Gallagher 2018, citing MacNeill 2016). Until 1996, this was an informal procedure.

In theory this all changed following the creation in 1996 of the Judicial Appointments Advisory Board (JAAB), which 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. It has now become known that “within around five years of its establishment, the JAAB, perhaps over-cautiously, deferred to legal advice that it might be infringing on the government’s constitutional right to appoint judges by doing anything more than simply forwarding the entire list of applicants to the government minus those that it deems unsuitable” (Gallagher 2018, 72, citing MacNeill 2016, 33). Thus, the JAAB in practice has been about weeding out unsuitable applicants. Suggested reforms, which would return the JAAB to its originally intended role, might involve requiring it to rank-order a short list of three or five names (see Cahillane 2017).

In May 2018, the Dáil passed a new bill to establish a Judicial Appointments Commission to replace the JAAB. The new body is to be composed of five judges, three lawyers representing the attorney general and nine lay members (The Irish Times, 31 May 2018). The proposal is that the new body would recommend three candidates to fill any judicial vacancy and the government would choose one of them. The bill has been supported by the minister for transport, Shane Ross, who argued it would help to end “cronyism” in appointments. The bill has attracted opposition from some judges and opposition politicians who claim that it may undermine judicial independence. As of December 2018, the bill has still not passed the Seanad. The bill had been at committee stage in the Seanad, where 191 amendments have been tabled (The Irish Times, 28 November 2018). An Irish Times story was titled: “Taoiseach slates ‘Seanad filibuster’ of judicial appointments law.” The bill finally passed the Seanad in December 2019 and was returned to the Dáil.

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 (almost 80% voted for this change). The Association of Judges of Ireland has called for the establishment of an independent body to establish the remuneration of judges, and improve lines of communication between the judiciary and the executive.

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.

Jennifer MacNeill (2016). The Politics of Judicial Selection in Ireland. Dublin: Four Courts Press.

Laura Cahillane (2017), 'Judicial Appointments in Ireland: the Potential for Reform,' in Laura Cahillane, James Gallen and Tom Hickey (eds), Judges, Politics and the Irish Constitution. Manchester University Press.

Michael Gallagher (2018), 'Politics, the Constitution and the Judiciary,' in John Coakley and Michael Gallagher (2018, eds) Politics in the Republic of Ireland, 6th edition. Routledge.

Corruption Prevention
Score: 7

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.

On 6 September 2017, Assistant Garda Commissioner Michael O'Sullivan published a report showing that of the 3,498,400 breath tests recorded on the Garda's Pulse computer system only 2,040,179 were actually recorded using alcohol testing devices. This left a discrepancy of 1,458,221 fictive breath tests. Three causes for this glaring deficiency were presented: (1) systems failures, (2) difficulties in understanding Garda policy, and (3) oversight and governance failures. It is highly regretful that the Department of Justice and Garda authorities have not seen fit to prosecute any member of the Garda force because of the massive over-reporting of alcohol breathalyzer tests.

On 11 October 2018, Justice Peter Charleton published the third interim report of the Disclosures Tribunal (Tribunal of Inquiry into protected disclosures made under the Protected Disclosures Act 2014 and certain other matters following resolutions). In the report, Judge Charleton vindicated the behavior of Sergeant Gerry McCabe, a Garda whistleblower, who had been treated appallingly (including allegations of child sexual abuse) by certain sectors of the police force. The report also vindicated Garda Commissioner Noirin O'Sullivan and the former minister of justice, Frances Fitzgerald. It was highly critical of the behavior of former Commissioner Martin Callinan and former Garda press officer Superintendent David Taylor.

The saga of the two Garda whistleblowers, Gerry McCabe and John Wilson, showed a deep antagonism in the upper echelons of the police force toward disclosures (whistleblowing) by junior members of the force. More disturbingly, it showed that some police superiors were prepared to blacken the name of whistleblowers by making untruthful allegations about them to government ministers, politicians and members of the press.

Citation:
The 2014 Public Services Reform Plan is available here:
http://reformplan.per.gov.ie/
Mr Justice Peter Charleton, Third Interim Report of the Disclosures Tribunal, October 11, 2018

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.

While coalition agreements have been increasingly monitored, especially since the innovations of the 1992 – 1997 coalition government, concerning the much greater use of special advisers and program managers, more recently governments have been publishing annual monitoring reports on the coalition program. These are very detailed annual reports, some much longer than the original coalition agreement. For example, the 2011 Programme for Government which was the coalition policy document on which the 2011–2016 government was based totaled 23,172 words. Five annual monitoring reports were published during the life of this government, ranging from 15,793 to 43,774 words and averaging 30,000 words.

Expert 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. Following Professor Lane's appointment as chief economist to the European Central Bank, Professor Lane was replaced as governor of the Central Bank of Ireland, on 1 September 2019, by Gabriel Makhlouf, a former secretary to the New Zealand Treasury.

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 then chairman of the council, Professor John McHale of University College Galway, that the 2016 budget violated the rules of the European Union's Stability and Growth Pact received much publicity. This assertion, however, was quickly withdrawn following a rebuttal by the minister for 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. The Fiscal Advisory Council's (IFAC) criticism of the government's excessive reliance on financing increased expenditure through buoyant corporate tax revenues in recent budgets has at least provoked a commitment by the minister of finance in the 2020 budget to produce a Fiscal Vulnerabilities Scoping Paper, which will examine corporation tax over-performance and policy options aimed at ensuring the sustainability of the public finances.

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:
Department of Finance Budget 2020.
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. One frequently made criticism focused on the continued reliance on "generalist" recruitment to the civil service.

The department is focused on strategic policy issues and the delivery of the Programme for Government. The Department of the Taoiseach has steadily grown over the years from about 30 people in 1977 to just over 200 in 2017. The Department of Finance is much larger with over 500 people. The Department of the Taoiseach coordinates policy in specific policy areas (e.g., Northern Ireland, European affairs and, the current hot topic, Brexit). Nevertheless, most policymaking continues to take place in the line ministries.

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/
Niamh Hardiman, Aidan Regan and Mary Shayne (2012), 'The Core Executive: the Department of the Taoiseach and the Challenge of Policy Coordination,' in Eoin O'Malley and Muiris MacCarthaigh (eds). 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 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.

As in many countries, the Department of Finance is a lot more than a regular "line ministry." The procedures state:
"As a matter of principle, the sanction of the minister for finance is required for all expenditure. In any proposal for new legislation, it should be made clear that the sanction of the Minister for Finance is required to incur any expenditure under the legislation. Neither the voting of money by Dáil Éireann, nor the inclusion of an allocation in an Estimate constitutes sanction." (Department of Finance 2008: Public Financial Procedures).

Cabinet Committees
Score: 7

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 cabinet ministers, ministers of state (junior ministers) and may also include the attorney general.

When a policy area cuts across departmental boundaries or is an urgent priority (e.g., Brexit) a common response is to set up a cabinet committee. The number of committees, and their relative size and composition is very much at the discretion of the taoiseach, so there is no semi-permanent standing committee structure as there is in some other countries.

For example, under the 2002 – 2007 government, there were 11 cabinet committees, whereas under the following government there were only six.

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 ministries.

In 2016, there were 10 cabinet committees. The most recent addition focuses on Brexit, while other cabinet committees focus on the economy, trade and jobs; housing; healthcare; social policy and public sector reform; justice reform; European affairs; regional and rural affairs; infrastructure, environment and climate change; and the arts, Irish culture and the Gaeltacht.

Each of the cabinet committees is supported by a group of senior officials who meet in advance of the committee to prepare agendas and identify problem areas. During the 2000s, “it has been reported that cabinet committees were attended not only by cabinet members but also by senior officials and often heads of agencies too.” (Hardiman et al, 116).

When Leo Varadkar became the taoiseach (prime minister) in June 2017 he reduced the number of cabinet committees to seven (economy, social policy and public services, European Union including Brexit, infrastructure, heath care, national security, and justice and equality). They ranged in size from healthcare with eight members to social policy with 20. In terms of their official composition, members are a mixture of full cabinet ministers and ministers of state (e.g., the cabinet committee for the economy is composed of 10 cabinet ministers and five ministers of state). The minister for finance is a member of six out of the seven committees. The minister for foreign affairs is a member of all of seven committees, mostly likely because he is also the tánaiste (deputy prime minister).

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).”

Another source of interdepartmental coordination stems from the practice of cabinet and junior ministers each appointing their own “special adviser.” These advisers meet to debate policy proposals: O’Malley and Martin (2018, p265) comment that “the advisers collectively operate in effect as a lower-level cabinet.”

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.

Eoin O’Malley and Shane Martin, ‘The Government and the Taoiseach,’ in John Coakley and Michael Gallagher, Politics in The Republic of Ireland. (Routledge, 2018).

Informal Coordination
Score: 8

All governments in Ireland between 1989 and 2016 have been coalition governments. The 2016 general election produced a Fine Gael-led minority government with nine independent deputies, a government 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 (see also Ministerial Bureaucracy on the importance on ministers’ special advisers).

During the 2011 to 2016 coalition government, the need for tight coordination was greater given that this government had to deal with the economic and financial crisis. An Economic Management Council (EMC) was introduced as a kind of “war cabinet.” It was composed of four key cabinet members: the taoiseach and tánaiste (the two party leaders) and the two key economic portfolios, the minister for finance and the minister for public expenditure (one from each party). The EMC also included these four ministers’ top officials and advisers, about 13 in total. The EMC was an inner cabinet that took key decisions – a level of formal tight coordination not previously seen in Ireland. Partly because the crisis had mainly passed, the EMC was discontinued after the 2016 election.

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

Digitalization for Interministerial Coordination
Score: 7

The government uses digital technologies in most cases and this appears to provide effective interministerial coordination.

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 cancellation and repayment of water charges paid to Irish Water in 2017 constituted a major failure in the areas 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 Irish Water illustrate a failure to create transparency and enable participation in the assessment of at least this important project.

Sustainability Check
Score: 4

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.

Quality of Ex Post Evaluation
Score: 3

The extent of overspending in healthcare totaled more than €2 billion over the last four years according to the Irish Fiscal Advisory Council. Such budgetary over-runs suggests that there is little ex post evaluation of policy in this significant budgetary area. Each year the government is presented with an over-run that is tacitly accepted and paid for out of buoyant tax revenues. However, if tax revenues fall, the ability of the government to fund such over-runs will create significant political tensions.

Societal Consultation

Public Consultation
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 healthcare 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." In 2017, domestic water charges payable to Irish Water were abolished and money already paid to Irish Water was repaid.

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 Effectiveness
Score: 6

One notable and growing trend is the increased use of statutory instruments which clearly empower ministers. It is often the case that a general policy is decided in the Oireachtas, but that the legislative body then delegates the detail and implementation to a minister. This provides the minister with considerable power to shape public policy. The average annual number of statutory instruments in the 1960s was 284; this rose steadily to 445 a year in the 1990s. Between 2010 and 2017, the average annual number rose to 772. This trend plays some role in shifting some policymaking power from the legislature to the executive.

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.

Ireland's aging water and sewage system infrastructure necessitates significant future capital expenditure which the electorate is still not prepared to face. While the abolition of domestic water charges reduced pressure on the government from angry members of the public, the government must find an estimated €13 billion for infrastructure improvements in the coming years.

Citation:
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.
Eoin O'Malley and Shane Martin (2018), 'The Government and the Taoiseach,' in John Coakley and Michael Gallagher (eds), Politics in the Republic of Ireland. 6th edition. London: Routledge and PSAI Press.

Ministerial Compliance
Score: 8

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 over-runs 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 2019 budget. This 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: 6

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).
O'Malley and Martin (2018, 261) note that: "The Irish experience had been criticized even before the economic crisis by the OECD, which noted that 'in Ireland, the objectives of agentification are unclear, mixed and not prioritized,' resulting in sub-optimal governance structures" (OECD, 2008: 298).

The Health Services Executive (HSE) is the government agency responsible for providing public healthcare. 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 over-runs 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.

Citation:
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: 6

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. Due to strong populist reaction, the funding mechanism for Irish Water, namely the imposition of household water charges, was strongly resisted. As a result of this resistance, this funding mechanism was abolished and household water charges were repaid in 2017. The water initiative paralleled the 2005 decision 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 healthcare 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 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% were to be retained locally to fund vital public services, while the remaining 20% were to be redistributed to provide top-up funding to certain local authorities that have lower property-tax bases due to variance in property values. The Local Property Tax Exchequer Receipts at the end of September 2017 amounted to €362 million.

Citation:
https://www.revenue.ie/en/corporate/information-about-revenue/statistics/local-property tax/index.aspx

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. John Coakley describes the 2014 act as "the ultimate stage in the centralization of the Irish local government system" (2018, p21).

Citation:
John Coakley (2018), 'The foundations of statehood,' in in John Coakley and Michael Gallagher (eds), Politics in the Republic of Ireland. 6th edition. London: Routledge and PSAI Press.

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.

Effective Regulatory Enforcement
Score: 8

Government agencies do attempt to enforce regulations effectively and without bias. This was borne out recently by the fact that Denis Naughten, the minister of communications, was asked to resign in October 2018 for having met a stakeholder of a company that was bidding for the National Broadband Plan contract.

There has been a significant growth in political lobbying in Ireland. In general, lobbyists claim that they are simply providing advice about how the process works, but – given that many lobby firms hire ex-ministers, members of parliament and some journalists – transparency advocates believe it is important to have a statutory register of lobbying to guard against corruption. The Regulation of Lobbying Act was passed in 2015. The act provides for an extensive web-based register of lobbying. In its first year of operation 1,100 people registered and there were also almost 1,500 returns by lobbyists. The database is searchable and provides a lot of information on who the lobbyist was, whom they lobbied, what was the content of their lobbying and what the intended outcome of their lobbying was. “All this is radically new in the Irish context. The lobbying register clearly provides citizens with far more information on the lobbying process than ever before – an important step in the promotion of open and transparent policymaking” (Murphy 2018, 290).

An Office of Lobbying Regulation was also set up (within the Standards of Public Office Commission). Its job is to ensure that the Lobbying Act is enforced. It is independent of government, industry and the other sectional interests.

Citation:
Gary Murphy (2018) ‘The Policymaking Process,’ in John Coakley and Michael Gallagher (eds) Politics in the Republic of Ireland.

Adaptablility

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 46 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.

Citation:
For a discussion of the framework of Ireland’s economic governance see
http://www.iiea.com/publications/reforming-european-economic-governance?gclid=CKCIzsatvcECFQRj2wodjz4A9w#sthash.lI8sWbHq.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 Éireann 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

Political Knowledge
Score: 8

In the 2016 general election, electoral turnout dropped to 65.2% from 70.1% in 2011. This fall in turnout came after economic recovery and strong rates of economic growth. In 2020, turnout declined again to 62.9% (down 2.2%) despite the election being held on a Saturday for the first time since 1918.

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.

Open Government
Score: 7

The government through governmental departments and institutions, such as the Central Statistics Office and the Auditor and Controller General, publishes data and information in a comprehensive, timely and user-friendly way.

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-Dáil-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 Oirechtas 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

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

Task Area Congruence
Score: 6

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.

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 airtime 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
Decision-Making
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. While most candidates are selected locally, they need to be approved by the party's national executive, which reserves the right to veto any local choice or to add a new name to the ticket. Empirically, the national parties are more likely to add a name to the ticket than to veto someone selected locally. For example, for the 2016 general election, 15 of Fine Gael's 89 candidates and 16 of Fianna Fáil's 71 candidates were added to the ticket by the respective party's national constituency committees (see Reidy 2016). The 2016 "gender quotas," which threatens political parties with losing half of their state funding if the proportion of male or female nominated candidates falls below 30%, appears to have further strengthened the hands of the national party. Ready (2016, 71) states: "the requirement for parties to meet specific gender targets facilitated the party center exerting even more control over selection processes than at previous elections."

Fine Gael:
The party leader is selected by an electoral college comprising the Fine Gael Parliamentary Party (weighting 65%), ordinary Fine Gael members (weighting 25%) and Fine Gael local representatives (city and county councilors, and members of Udaras na Gaeltachta, weighting 10%). On 2 June 2017, Leo Varadkar beat Simon Coveney to become the new leader of Fine Gael. He was appointed taoiseach by President Higgins following a vote in Dáil Éireann on 14 June 2017.

Fianna Fáil:
The party has a pyramidal structure based on the local branches (cumainn). There are approximately 3,000 of these across the country. The party leader is elected by an electoral college comprising ordinary members (weighting 45%), parliamentary deputies (weighting 40%) and other elected representatives

(weighting 15%). Before the establishment of this electoral college, Micheal Martin was elected as leader of Fianna Fáil on 26 January 2011, in an election in which only members of parliament who were members of the Fianna Fáil party were eligible to vote.

Sinn Féin:
In February 2018, Mary Lou McDonald, after a special party conference in Dublin (Ard Fheis), succeeded Gerry Adams as leader of Sinn Féin. 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.

In autumn 2018, Michael D. Higgins, the president of Ireland, was re-elected by a considerable majority, obtaining a record 822,566 first-preference votes, to serve for a second seven year term

Citation:
Theresa Reidy (2016), 'Candidate Selection and the Illusion of Grass Roots Democracy,' in Michael Gallagher and Michael Marsh (eds) How Ireland Voted 2016. Palgrave.

Association Competence (Employers & Unions)
Score: 7

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: 7

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

Independent Supervisory Bodies

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 Services 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.

Data Protection Authority
Score: 9

The Irish Data Protection Act 2018 was signed into law on 24 May 2018 to coincide with the implementation of the General Data Protection Regulation (GDPR) on the following day, 25 May 2018. The GDPR replaced the existing data protection framework defined under the EU Data Protection Directive. The GDPR emphasizes transparency, security and accountability by data controllers and processors, while also standardizing and strengthening the right of European citizens to data privacy. In Ireland, the Data Protection Commission has been established to ensure the enforcement of the GDPR.

Address | Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Germany
Phone +49 5241 81-0

Dr. Christof Schiller
Phone +49 5241 81-81470
christof.schiller@bertelsmann-stiftung.de

Dr. Thorsten Hellmann
Phone +49 5241 81-81236
thorsten.hellmann@bertelsmann-stiftung.de

Pia Paulini
Phone +49 5241 81-81468
pia.paulini@bertelsmann-stiftung.de

www.bertelsmann-stiftung.de
www.sgi-network.org

SGI Sustainable Governance Indicators

| BertelsmannStiftung