

NATIONAL ECONOMIC AND SOCIAL COUNCIL

Benchmarking the Programme for Prosperity and Fairness

Following discussion in the Council,
this report was prepared by
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February 2002

PUBLISHED BY THE NATIONAL ECONOMIC AND SOCIAL COUNCIL

Copies of this Report may be obtained from
THE NATIONAL ECONOMIC AND SOCIAL COUNCIL
1st Floor, Frederick House, 19 South Frederick Street, Dublin 2,
or the Government Publications Sales Office,
Sun Alliance House, Molesworth Street, Dublin 2.

Price €15 (£11.80)

(Pn. 10621)

ISBN: 0755711637

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PREFACE

This report on Benchmarking the *Programme for Prosperity and Fairness* is one of two reports which the National Economic and Social Council has prepared on foot of mandates in the Programme for Prosperity and Fairness. The other is *National Progress Indicators for Sustainable Economic, Social and Environmental Development*. These exercises fit with the Council's commitment to enhance evidence-based policy making. This is also reflected in its recent *Review of the Poverty Proofing Process*. The concern with improving information for policy and measuring progress on key indicators is part of a wider interest in the development of indicators for the assessment of progress as reflected in the Regulatory Reform Unit to be established in the Department of the Taoiseach on foot of the OECD (2001) report, the development of indicators for the revised National Anti-Poverty Strategy, the European Commission's work on structural indicators (European Commission, 2000), and the EU Social Protection Committee Sub-Group on Indicators and the Belgian EU Presidency work on social indicators. The Council considers that the outcome of these initiatives is likely to contribute to the further development of indicators tailored to the Irish policy context.

The indicators in this report differ from those in the Progress Indicators report in being explicitly formulated to measure progress on commitments made in the Programme for Prosperity and Fairness. The work undertaken and the results presented here in the form of indicators and benchmarks are merely the first step in a process that must involve the evaluation of the information presented and the revision, replacement and augmentation of the set of indicators where appropriate. While these processes must take account of, and achieve consistency with, indicators developed at the EU level they must be appropriately adapted to the Irish policy context and to the measurement of change over time as well as in cross-national context.

The Council considers the development of appropriately customised indicators and the associated timely and disaggregated data crucial to the implementation of evidence-based policy making and to successful and continuing adaptation to change. These will allow for the achievement of full economic and social inclusion while maintaining and enhancing competitiveness.

ACKNOWLEDGEMENTS

Following discussions in the Council, this report was prepared by the Council's secretariat. The work of drafting the report was largely undertaken by Dr. Síle O'Connor, who served as Director of the Council until May 2001, and who continued working on the report thereafter. Substantial work on the report was also undertaken by Ann Marie O'Connor

The preparation of this report was facilitated by the assistance of individuals in several government departments and organisations. Officials in the Department of Finance and the Department of Social Community and Family Affairs, in the Central Statistics Office, the National Competitiveness Council and the Environmental Protection Agency provided essential information. The Council and the Secretariat are pleased to acknowledge this cooperation.

The administrative staff of the Council's Secretariat provided essential support in the production and distribution of the various drafts of the report.

INTRODUCTION

This report presents a set of indicators and the associated data for benchmarking progress on the key policy objectives of the *Programme for Prosperity and Fairness* (PPF) agreed by the Government and social partners to cover the period 2000-2002. The context for this exercise by the Council is the recognition that such indicators and data are essential foundations of evidence-based decision making. This recognition is not confined to the Council. It is reflected in recent initiatives by the European Union (Commission of the European Communities, 2000) and the OECD (1997) and in Ireland by the Annual Competitiveness Reports (National Competitiveness Council, 1998, 1999 and 2000) and the commitment to develop indicators across the thematic areas of the revised National Anti-Poverty Strategy.

The present exercise is unique in being formulated explicitly to develop indicators to benchmark progress in the key elements of the Operational Frameworks of the PPF as mandated in paragraph 5.3 therein.¹ This means that it is broadly focused and explicitly policy-linked. There may be other exercises in train, or envisaged, that provide a more in-depth set of indicators relating to particular areas. The focus of this exercise is to provide a balanced range of indicators to measure progress on the range of policy objectives represented by the Operational Frameworks of the PPF and encompassing economic, social and environmental dimensions of policy. The fact that the PPF provides the parameters within which this exercise is undertaken is a constraint in terms of scope, but it has the major positive consequence of ensuring policy linkage and relevance.

The practice of developing indicators and of benchmarking progress has generated considerable interest over the past decade on the part of inter-governmental organisations such as the UN, in its annual *Human Development Report*, which has been published since 1990. The OECD (1997) and the European Commission (1996) have produced widely-cited benchmarking reports on competitiveness as

1. Benchmarking was initiated by the Council in response to a mandate in *Partnership 2000 for Inclusion, Employment and Competitiveness*.

have national governments, for example, the Netherlands (Ministry of Economic Affairs, 1997) and Ireland (National Competitiveness Council, 1998, 1999, 2000). Organisations such as the World Economic Forum (1997), the International Institute for Management Development (1997), and UNICE (1998), amongst others, have made several contributions to the benchmarking of competitiveness. The rationale for this activity is outlined by the OECD in its argument that “globalised firms tend to locate their activities where they can be carried out in the most effective and productive way. In the global economy, such environments have become a major determinant of location and investment decisions by both local and multinational firms, and they affect both employment and income generation” (OECD, 1997: 11). Reflecting the recognition that competitiveness cannot be effectively conceived or measured in a vacuum the focus has broadened considerably of late, and now several initiatives are directed to the identification of indicators relating to economic, social and environmental dimensions of policy, all of which impact on competitiveness but have a broader relevance in the assessment of progress towards prosperity and fairness.

The most significant of the recent developments in this area is the European Union’s proposal on structural indicators to measure progress towards the implementation of the Lisbon strategy which is aimed at transforming the European Union into “the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion.” (Commission of the European Communities, 2000a: 2). The conclusion of the Lisbon Council called for indicators in four policy domains: employment, innovation, economic reform and social cohesion. Following this mandate, the Commission proposed twenty-seven key indicators and five general economic background indicators. In Section 6 we consider the headline and background indicators developed in this report with reference to those proposed by the European Commission.

The rest of this report is divided into nine chapters and two appendices. Part I, which comprises Chapters 1, 2 and 3, outlines

the context and key issues in the development of benchmarks. The objectives of the PPF and key issues arising in benchmarking progress on these are outlined in Chapter 1. In Chapter 2, the criteria for the identification of indicators are discussed. Chapter 3 uses the PPF operational frameworks as the organising structure to outline the set of indicators to benchmark progress. Headline indicators are linked to the operational frameworks, key objectives of the programme and to background indicators (Table 3.1). These background indicators are linked to key policy dimensions and to specific commitments in the PPF (Table 3.2). Part II is concerned with the actual benchmarking of progress on the PPF and is comprised of four chapters, one on each of the PPF operational frameworks. In each chapter, the specific indicators and the associated data are discussed. Progress over time and comparatively on the headline indicators is outlined and data relating to 2000, or the most recent available, are identified as benchmarks against which progress can be measured.

Part III is concerned with summarising the key issues arising from the analysis and the measurement, sources and data issues arising from the report. Chapter 8 summarises the key issues and recommendations arising from the analysis. A summary of key data issues and actions necessary to improve the data situation are presented in Chapter 9. In addition, the PPF indicators are considered with reference to the list of structural indicators outlined by the EU Commission.

Methodology and Data Notes on each of the headline indicators are presented in Appendix 1. These notes include definition, rationale for use, use of indicator by other organisations, data availability and sources. They also include the baseline data covering the past decade, when appropriate, and available and relevant comparisons. Appendix 2 is comprised of the methodology and data notes for the background indicators.

Part I

**Context and Issues
in the Development
of Benchmarks**

CHAPTER 1

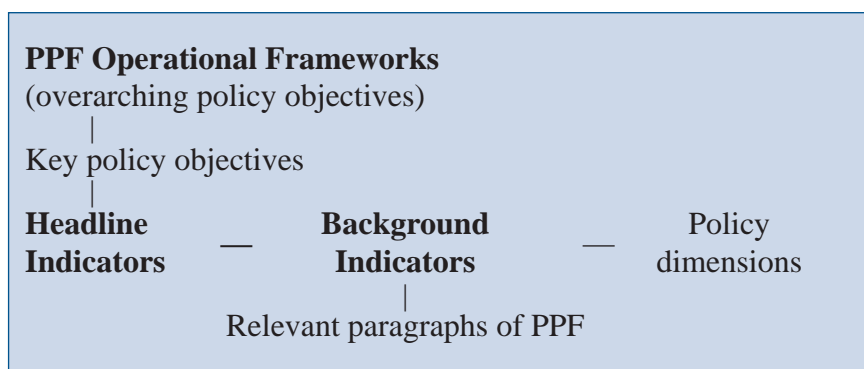
THE PROGRAMME FOR PROSPERITY AND FAIRNESS: ITS OBJECTIVES

The *Programme for Prosperity and Fairness* (PPF) incorporates a wide range of objectives ranging from an overarching level such as ‘the achievement of higher living standards’, ‘underpinning Ireland’s competitiveness’ and ‘reducing poverty and social exclusion’ to objectives relating to particular policy dimensions, for example, reviewing ‘the targets under the original NAPS framework’ and institutional development in particular areas. It is presented in five Operational Frameworks as follows:

- I. Living Standards and the Workplace Environment;
- II. Prosperity and Economic Inclusion;
- III. Social Inclusion and Equality;
- IV. Successful Adaptation to Continuing Change; and
- V. Renewing Partnership.

Commitments are made under a wide range of headings within each framework; forty-two headings in all with several sub-headings and multiple commitments under some headings. This means that “the benchmarking of progress under the appropriate elements of the Operational Frameworks” as mandated in the PPF (paragraph 5.3) is a complex exercise that could become merely an exercise in the minutiae of indicator development and data generation. To avoid this, to recognise the range of commitments in the PPF and the variation in their level of specificity, and to maintain the focus on key policy objectives, a tiered approach to indicator development is adopted. This results in twenty headline indicators that measure progress on the key policy objectives of the individual Operational Frameworks and provide a balanced view of progress on the overarching objectives of the PPF. These headline indicators are supplemented with forty-eight background indicators that measure

progress on related sets of indicators that broaden the context within which the headline indicators are interpreted. Their selection is also based on their relevance to measuring progress on commitments made in specific clauses of the PPF. These background indicators are in turn linked to key policy dimensions: economic, socio-economic, distribution/equity and environmental. These four dimensions of policy reflect the fact that sharp divisions between social and economic policy objectives and consequences are not realistic. For example, labour market, family-friendly and educational policies are relevant to economic and social inclusion and to each of the operational frameworks of the PPF.



It is important to bear in mind in reading this document that both sets of indicators relate to elements of the PPF. Their purpose and utility should be judged in terms of their effectiveness in measuring progress on policy objectives outlined in the PPF. However, because of the encompassing nature of that programme and its focus on central economic and social issues the Council believes that the headline indicators have a relevance that will outlast its time frame and should inform ongoing policy development. This does not mean that the indicators are final and unchanging. It is anticipated that they will be supplemented and some replaced as the policy context alters. In Chapter 9 the Council makes suggestions about the improvement of data sources and timeliness.

Two questions may be posed about this exercise: Firstly, why develop indicators against which progress on the objectives of the PPF or any policy initiative can be benchmarked? There is

considerable evidence that widespread dissemination of information on progress as measured by taken-for-granted economic indicators has contributed to public policy debate and helped the formation of a national consensus on policy choices relating to key economic issues. If we are to accord equal status to social inclusion, employment and competitiveness, and to recognise the linkages between them as *Partnership 2000 for Inclusion, Employment and Competitiveness* and the *Partnership for Prosperity and Fairness* imply, we need to consider a broader range of indicators, a range that covers all of these aspects. Secondly, why are social and environmental indicators essential dimensions of a true analysis of progress? Apart from the importance of particular themes and policies in the broad social and environmental policy areas, there has been recognition for several decades that GDP per capita and associated measures do not capture the full dimension of development or of living standards. Much of the critique of GDP-type measures has come from those involved in analysis of developing countries, but since the 1960s there has been increased criticism emanating from analysts of industrialised countries and those concerned with the issue of sustainability. There is now clear evidence that traditional economic indicators do not provide a full picture of progress or development. Such a picture must encompass social, economic and environmental indicators. But, as with the economic indicators, it is important that the focus be selective rather than exhaustive. The key is to achieve a balance across social, economic and environmental dimensions of policy. Such a broader range would ideally come to enjoy equal status with taken-for-granted macro-economic indicators in terms of public literacy. This would allow a focus on public policy decision through a more encompassing lens than is the case at present. It would help to create the conditions for more informed and broadly focused debate on policy options and choices.

Longitudinal and comparative analysis of appropriately selected indicators from Irish, EU and OECD sources provides useful information on the location of Ireland relative to other countries and how this is changing over time. This is essential material for the review of domestic policy objectives in general, and those of

negotiated programmes in particular. Causal links cannot be easily established in this kind of analysis, whether longitudinal or comparative. Any changes identified have to be interpreted within a wide range of contextual changes including changing national, European Union and global conditions.

CHAPTER 2

BENCHMARKING AND THE IDENTIFICATION OF INDICATORS

The distinction between benchmarking progress on key policy objectives and monitoring implementation of policy is important. The focus of benchmarking progress is on identifying indicators related to overarching policy objectives rather than concern with the implementation of specific policy initiatives. These indicators facilitate the monitoring of progress provided they are pitched at an appropriate level to ensure their relevance to overarching policy objectives over an extended period, and that the data are adequate both longitudinally and comparatively.

In this chapter we consider the identification of indicators and associated data, issues involved in the adoption of a comparative focus, the appropriateness of GNP and GDP for the measurement of policy effort, and balance in the interpretation of indicators.

2.1 IDENTIFICATION OF INDICATORS

The objective of benchmarking progress in appropriate elements of the PPF can be addressed in a number of ways. For example, it could involve an exhaustive review of the entire PPF involving the identification of indicators for each element on which identifiable policy commitments are made, including description of institutional developments. Alternatively, it could focus on key policy objectives and the associated indicators with particular attention to areas not measured already. This selective approach is the most appropriate in terms of the potential contribution to policy analysis and is consistent with the approach adopted by the European Commission and supported by the Economic Policy Committee (European Commission, 2000; Economic Policy Committee, 2000). It allows for the achievement of rigour in the specification of a relatively small number of headline indicators and the data necessary for their

measurement. Within the context of this selective approach, the criteria for the identification of indicators are:

- (i) linkage to the overarching objectives of the PPF and policy relevance;
- (ii) the achievement of balance across frameworks and across social, economic and environmental dimensions of policy; and
- (iii) amenability to operationalisation and data availability or potential availability.

2.1.1 Selectivity Focusing on Indicators Linked to Key Objectives

The overarching objectives of the PPF are reflected in the titles of its five operational frameworks as outlined in the Introduction. The headline indicators reflecting the key objectives of each Operational Framework are supplemented, where necessary and appropriate, with background indicators, that is, more detailed clusters of indicators linked to the headline indicators and related to key dimensions of policy. Each of the background indicators is selected because of its policy relevance in terms of policy objectives of the PPF and its amenability to policy actions. The objective is a coherent set of indicators that have horizontal coherence within and across the operational frameworks and vertical coherence between headline and associated background indicators. Horizontal coherence refers to coverage of key policy objectives within each framework such that each policy objective is represented by at least one headline indicator, and that these indicators provide a balanced representation of the overarching objectives represented by the operational framework title. Similarly balance across frameworks is achieved by outlining a set of indicators that give a range of measures of progress towards prosperity and fairness. Vertical coherence refers to the linkages between headline and background indicators and reflects the fact that the background indicators are identified with the objective of providing additional relevant information on a particular policy objective. The key point is that the information enhances what is provided in the headline indicators rather than pursuing an alternative tack. The related issue of

contradictions in terms of desired policy outcomes implicit in the set of indicators is an important consideration in selecting indicators. Where such contradictions are unavoidable because of particular policy commitments they are highlighted and must be taken into account in any assessment of progress. Finally, it must be borne in mind that all indicators are summary measures that should be interpreted within a broader policy context. The objective is to get an overarching view of progress rather than an exhaustive measure of every aspect of the PPF.

2.1.2 Adherence to the Principle Of Balance across Operational Frameworks and across Economic, Social and Environmental Indicators

The core objective of this project is the achievement of balance in the benchmarking of progress across the first four operational frameworks recognising the need for balance within frameworks in terms of the objectives pursued. The fifth operational framework is primarily about institutional development. Balance in this context does not refer to numerical balance but to the recognition that there is an interaction between economic, social and environmental developments and that each dimension must be reflected in the range of indicators chosen if progress on overarching public policy objectives is to be effectively benchmarked.

One of the key objectives of the benchmarking of progress is to augment the taken-for-granted measures of policy achievement, such as GDP and GNP growth, with a range of indicators of other dimensions of progress. Both the headline indicators (Table 3.1) and the background indicators (Table 3.2) are framed to reflect economic, social and environmental dimensions of progress. Indicators in the social inclusion and equality and environmental areas typically receive less attention in discussion of Ireland's recent development than do economic indicators. This is partly due to data deficiencies and timeliness problems, particularly in relation to social indicators. But these problems are not inevitable – they are amenable to policy action. They are addressed throughout this report and at some length in Chapter 9.

2.1.3 Ensuring the Availability of Appropriate Data for Benchmarking Progress on Elements of the PPF

The monitoring of progress is dependent not only on rigorously defined indicators but also on the appropriateness of the data used to specify these indicators. The integrity of the entire process of benchmarking progress is dependent on agreement on the relevance and validity of the indicators and associated data. The most desirable categories of data from the point of view of measuring progress are those relating to outcome, output and input of resources, in that order, but data relating to policy outcomes are rarely available. The focus at this stage is on the identification of quantitative indicators that are clearly reliable measures of what they purport to represent, have policy relevance and can be measured through appropriate data. High quality and reliable data must be available or its achievement attainable within the foreseeable future and ideally within the lifetime of the PPF. This does not preclude identification of the most appropriate indicators and suggestions as to how the relevant data might be obtained.

The relative emphasis on quantitative and qualitative indicators in research is often contentious. It is sometimes assumed that qualitative measures are inherently less reliable than quantitative ones. On the other hand, it is argued that only qualitative indicators can capture the uniqueness and complexity of public policy progress in any one period or location. Neither argument is inherently true; the issue is one of appropriateness for the task at hand. Qualitative indicators do not lend themselves to the type of benchmarking being undertaken in this project.

One of the key problems identified in benchmarking *Partnership 2000* was the absence of appropriate data in some key areas. Some data were not available on a timely basis and/or were not disaggregated to the level necessary – for example, by region, socio-economic group, age, gender – for effective benchmarking of progress. Comparable data were not available in other instances. Data deficiencies were not confined to the social indicator area where there is least agreement on indicators, and the issue of disaggregation arose across all types of indicators. Disaggregation

by gender, age, socio-economic group and region is of crucial importance in assessing progress in some policy areas. In Chapter 9 and Tables 9.1 and 9.2, data quality and availability are considered in relation to each of the indicators identified. Recommendations are made relating to the improvement of data availability.

2.2 A COMPARATIVE FOCUS

Benchmarking progress implies comparison over time and cross-nationally. However, cross-national comparisons have to be interpreted with caution. Such comparison would be seriously misleading if differences across countries in the quantum of relevant factors were not taken into account. For example, outlays on pensions and health care must take into account differences in the size of the old-age population. Similarly, the nature of provision – public, private and/or voluntary – and the classification of expenditure are important considerations in judging comparability.

Cross-national comparison brings into focus not only the issue of comparability of data but the vision of the kind of society for which we wish to strive. When we move beyond broad comparisons, for example of our location within the European Union, decisions on which societies are appropriate comparators are complex. These decisions are to a significant extent influenced by an explicit or at least implicit acceptance that the policy frameworks, or at least part of them, are ones that are appropriate to our circumstances, in the sense of providing ‘best practice’ exemplars in particular areas. Yet, as was pointed out in the Council’s last strategy document, *Opportunities, Challenges and Capacities for Choice*, this does not imply replication of any particular policy model. It does imply acknowledgement of standards against which progress can be measured and towards which aspirations can be directed. How the standards are met depends on unique national conditions and policy choices (NESC, 1999: 76).

The appropriate comparative cases may vary depending on the issue being benchmarked. In many instances EU countries will be the appropriate comparators, but identification of particular sub-groups of these countries would be more appropriate if detailed

examination of performance is to be undertaken. For example, it is relevant to consider Ireland's location vis-à-vis its competitors, not only for trade but also for FDI.¹ But these are not the most appropriate comparators for all aspects of policy.² The optimum approach is to decide on a broad comparative focus to locate Ireland and then concentrate analysis on the most relevant subset of countries based on policy comparability and social and economic context in relation to particular policy areas. In this report the practice adopted is to present the EU average and the findings for the UK, the Netherlands and Denmark. The UK is considered relevant because of the still significant trading relationships and the historical influences on particular policy areas, for example, social benefits and services. The Netherlands and Denmark were selected as smaller EU countries both of which have social partnership arrangements, although these are quite different in structure from the Irish arrangements. They are selected as illustrative cases rather than models to be replicated.

2.3 GNP AND GDP IN MEASURING PROGRESS AND COMPARING EFFORT

An issue of crucial significance in making comparisons of Irish performance with that of other EU and OECD countries is the relatively greater difference between GNP and GDP in Ireland. Because of the size of the foreign direct investment (FDI) in Ireland and the associated repatriation of profits there is a significant difference between GNP and GDP in Ireland. No EU country and only one OECD country, New Zealand, approximates the

1 The Annual Competitiveness Report situates Ireland relative to thirty other countries, mostly OECD but also including Russia, Poland and Hungary. Its comparative analysis in 1999 concentrated on the most relevant subsets of these in presenting an assessment of competitiveness in the UK, Hungary and the Nordic countries. The 2000 analysis is organised around critical competitiveness priorities identified by the Council. Ireland's relative location and its improvement or disimprovement in ranking on these criteria are identified.

2. Clearly decisions in this area are influenced by data availability. Nevertheless, it is important to decide on the most desirable option and consider the possibilities for ensuring data availability.

magnitude of the Irish difference between GNP and GDP. This is recognised by the OECD in its economic surveys:

The concentration of economic activity in multinational high-tech companies and the relatively high level of external debt means that GDP, the normal indicator of output, overstates both the level and growth of Irish incomes. The level of GNP, a more appropriate level of income, was over 12 per cent less than GDP in 1995, while its increase was about one-half percentage point less than the GDP in the five years ending 1995 (OECD, 1997: 18).

In 2000 GNP was 16 per cent less than GDP (Central Statistics Office, 2001: Tables 5 and 6).

In view of the difference between GNP and GDP in Ireland and the fact that GNP represents the resources available for redistribution, it is the appropriate base for the measurement of progress in several of the indicators used in this report. In recognition of the fact that EU, OECD, ILO and UN publications use the standard GDP base for expenditure comparisons for all countries including Ireland, the relevant GDP figures are presented in footnotes.

2.4 INTERPRETATION OF INDICATORS

Adherence to the principle of balance was outlined above as a key criterion in the selection of indicators. Balance is also crucial in the interpretation of these headline indicators. The operational frameworks and associated indicators must be seen not as discrete units but must be interpreted in relation to one another, each must be seen as part of a horizontal and vertical package. Horizontal in the sense that each must be situated relative to the other indicators within the particular operational framework and across the four frameworks. For example, progress in living standards is not adequately represented by Framework I. Progress on these indicators must be considered within the broad context of the four operational frameworks with particular reference to the headline indicators relating to social and economic inclusion. Vertical in the

sense that for greater depth of knowledge about any dimension of policy each must be supplemented with the relevant background indicators. The vertical criterion refers to the fact that the headline indicators are summary measures selected because they are good measures of the key policy objective of the PPF to which they relate. But they are not adequate reflections of any particular dimension of policy. For this purpose they must be supplemented with the relevant background indicators.

CHAPTER 3

THE PROGRAMME FOR PROSPERITY AND FAIRNESS: FRAMEWORKS AND POLICY DIMENSIONS

As outlined in Chapter 1, the PPF is presented as five operational frameworks that summarise the following overarching objectives:

- achieving higher living standards and improving the workplace environment;
- underpinning prosperity and increasing economic inclusion;
- increasing social inclusion and equality;
- successfully adapting to continuing change; and
- renewing Partnership.

It is noteworthy that the specific policy objectives in some areas of the PPF are relatively clearly stated and the associated appropriate indicator/s are easily identifiable; this is not to say that the appropriate data are available. In other areas the objectives are less clear cut and more aspirational in terms of policy objectives, identifying a range of policy options and possible areas for further action by working groups involving the social partners and Government departments. The identification of appropriate indicators is obviously more straightforward in the former case than in the latter.

TABLE 3.1
Programme for Prosperity and Fairness: Overarching Objectives and Associated Headline Quantitative Indicators

Operational Framework	Policy Objectives	Headline Indicators	Background Indicators
<p>I Living Standards and Workplace Environment</p>	<p>1. Achieve higher living standards.</p> <p>2. Achieve improvement in the work environment.</p> <p>3. Enhance workplace relations through enterprise-level partnership.</p>	<p>I.1 Irish GNP and GDP per capita as % of EU GDP per capita nationally and by region.</p> <p>I.2 Percentage of taxpayers subject to higher rate of income tax.</p> <p>I.3 Percentage of minimum wage not subject to income tax.</p> <p>I.4 Coverage of occupational pensions as % of NPP1 targets by sex, age and occupational group.</p> <p>I.5 Occupational injury rate per 1,000 at work</p> <p><i>Responsibility of the National Centre for Partnership and Performance.</i></p>	<p>Table 2 Column A (i) Macro-economic performance.</p> <p>Table 2 Column C (i) Taxation.</p>

Operational Framework	Policy Objectives	Headline Indicators	Background Indicators
<p>II Prosperity and Economic Inclusion</p>	<p>1. Underpin Ireland's competitiveness.</p> <p>2. Use increased prosperity to enhance our quality of life in the context of a fairer and more inclusive society.</p>	<p>II.1 Productivity (annual % change).</p> <p>II.2 Employment (annual % change).</p> <p>II.3 R&D Expenditure as a % of GDP.</p> <p>II.4 Emission of basket of greenhouse gases relative to Kyoto limits (64,253,000 tonnes CO₂ equivalent).</p> <p>II.5 Infrastructure investment per capita. PROXY: Transport infrastructure investment per capita.</p> <p>II.6 Housing unit stock and completions.</p>	<p>Table 2 Column A (ii) Competitiveness.</p> <p>Table 2 Column B (i) Labour Market.</p> <p>Table 2 Column A (ii) Competitiveness.</p> <p>Table 2 Column D Environment.</p> <p>Table 2 Column A (iii) Infrastructure.</p> <p>Table 2 Column C (iii) Housing.</p>
<p>III Social Inclusion and Equality</p>	<p>1. Reduce income poverty and social exclusion.</p>	<p>III.1 'Consistent Poverty' - relative income poverty combined with basic deprivation measure (below 50% and 60% threshold).</p> <p>III.2 Relative income poverty - % of households below 40%, 50% and 60% low income thresholds.</p> <p>III.3 Social welfare payments as % of adequacy benchmark.</p>	<p>Table 2 Column C (ii) Income Adequacy.</p>

Operational Framework	Policy Objectives	Headline Indicators	Background Indicators
	2. Improve the health status of the population.	III.4 Disability-adjusted life expectancy (DALE) at birth and age 60.	Table 2 Column C (iv) Health.
IV Successful Adaptation to Continuing Change	1. Create a framework to facilitate lifelong learning. 2. Create a society in which access to the labour market is open to all. 3. Develop high quality childcare and family friendly policies. 4. Create a framework for the further development of the Information Society. 5. Promote Ireland's role in the international community. 6. Promote Nth/Sth Partnership	IV.1 Percentage of 25-44 and 45-64 age Groups in continuing education and Training IV.2 Employment rate: Male/Female IV.3 Number of Childcare Places per 1,000 children aged 5 years and under (pre-school) and 6 to 15 years (after-school). IV.4 Percentage of workers in the ICT Sector IV.5 Net Official Development Assistance (ODA) as a percentage of GNP. <i>Responsibility of North/South bodies</i>	Table 2 Column B (iii) Education. Table 2 Column B (i) Labour Market. Table 2 Columns B (i) Labour Market and B (iii) Family friendly policies. Table 2 Column A (iii) Information Society.

TABLE 3.2
Background Indicators for the Programme for Prosperity and Fairness Linked to Key Dimensions of Policy
 (Number in brackets indicates paragraph of PPF)

A. ECONOMIC	B. SOCIO-ECONOMIC	C. DISTRIBUTION/EQUITY	D. ENVIRONMENT
A(i) Macroeconomic Performance (2.1) A.1 GNP % change. A.2 GDP % change. A.3 GNP per capita % change. A.4 GDP per capita % change. A.5 GNDI per capita % change. A.6 Inflation. A.7 Budget Deficit/Surplus. A.8 Debt/GNP; Debt/GDP.	B (i) Labour Market (2.1) B.1 Unemployment % of the Labour Force. B.2 Long-term unemployment as % of the labour force. B.3 Part-time employment as % of labour force: male and female. B (ii) Family-friendly Policies (1.3, Annex IV and 4.3) B.4 Percentage of workers in enterprises adopting family-friendly practices such as job-sharing, work-sharing, part-time work, flexitime, flexi-place/teleworking and term-time working. B.5 Employment rate for men and women aged 20-44 with and without a child aged 0-5.	C (i) Taxation (1.1) C.1 Tax receipts as % of GNP & GDP. C.2 Average tax rates. C.3 Marginal tax rates. C.4 The tax wedge. C (ii) Income Adequacy (3.2) C.5 Social Protection as % of GNP & GDP. C.6 Income Inequality: Share of top to bottom 10% of population, share of top to bottom 20% of population and Gini Coefficient. C (iii) Housing (2.9 and 3.7) C.7 Housing affordability indicator - % of gross income spent on housing.	D. Environment (2.13) D.1 Household and commercial waste (tonnes p.a.). D.2 Waste Management: ● Recycling % ● Landfill % D.3 Drinking Water Quality – compliance rates for coliforms: ● Public Supplies ● Group Schemes D.4 River Water Quality.

A. ECONOMIC	B. SOCIO-ECONOMIC	C. DISTRIBUTION/EQUITY	D. ENVIRONMENT
<p>A.10 Nominal Unit labour cost (annual average % change).</p> <p>A.11 Manufacturing Export Diversification by Country and Sector.</p> <p>A.12 Business Investment in R&D.</p> <p>A.13 Government Appropriations and Outlays on R&D as a proportion of GDP.</p> <p>A (iii) Infrastructure (2.3)</p> <p>A.14 Road infrastructure.</p> <p>A.15 Rail infrastructure.</p> <p>A (iv) Information Society (4.4)</p> <p>A.16 Percentage of ICT-related exports.</p> <p>A.17 Internet hosts and on-line users per 1,000 population.</p> <p>A.18 Percentage of schools linked to high-speed networks.</p> <p>A.19 IT graduates as a % of all graduates.</p>	<p>B (iii) Education (2.1/3.1 and 4.1)</p> <p>B.6 Percentage of population (25-64) that has attained at least upper second-level education and sub-groups within this.</p> <p>B.7 Percentage of adults at each literary level:</p> <ul style="list-style-type: none"> ● Prose ● Document ● Quantitative <p>B.8 Percentage of junior cycle entrants who completed upper second-level, percentage who completed school at lower second-level and percentage who left with no qualifications.</p> <p>B.9 Net enrolment in tertiary education (18-21).</p>	<p>C.8 Housing quality indicator.</p> <p>C.9 Local Authority waiting lists.</p> <p>C (iv) Health (1.4.3 and 3.10)</p> <p>C.10 Infant Mortality (Rate per 1,000 live births).</p> <p>C.11 Life Expectancy at birth, 40 and 65 years: Male and Female.</p> <p>C.12 Health Expenditure as % GNP & GDP: Public and Private.</p> <p>C.13 Percentage of Health Expenditure on Primary/Community Care.</p> <p>C.14 In-patient hospital waiting lists</p>	<p>D.5 Average time in minutes-per-day commuting to and from work.</p> <p>D.6 Buses, coaches and cars per 1,000 population.</p>

3.1 OPERATIONAL FRAMEWORKS, POLICY OBJECTIVES AND INDICATORS

Twenty headline indicators are outlined in Table 3.1, under the first four operational framework headings of the PPF. Operational Framework titles reflect the overarching objectives of the PPF and are presented in the first column of the table. The second column expands on these to outline a series of related policy objectives. The headline indicators measuring these objectives are presented in the third column. Methodological issues and data tables relating to each indicator are outlined in detail in Appendix 1, and the key issues relating to the measurement of progress are discussed below under each of the operational framework headings. The location of the associated background indicators, under the heading of the dimension of policy to which they relate, are outlined in the fourth column of Table 3.1. In specifying policy objectives the approach is selective and consistent with the criteria outlined in Chapter 2 and this approach is carried through in relation to headline and background indicators. Consistent with adherence to the principle of balance, indicators proposed under particular operational frameworks should not be interpreted as discrete and comprehensive representations of a particular objective. They must be interpreted within the broader context. For example, progress in the living standards of the population is not adequately represented by the indicators listed under Operational Framework I. These in turn must be considered in the context of other indicators identified under the other operational frameworks and background indicators, particularly those related to socio-economic and distribution/equity policy dimensions.

Forty-eight background indicators are identified in Table 3.2 under four policy dimensions as follows:

- Economic;
- Socio-economic: Promoting autonomy and self-sufficiency;
- Distribution/Equity; and
- Environment.

With the exception of the “Environment” heading each of these is sub-divided to specify particular policy headings and links to particular paragraphs of the PPF. For example, nineteen indicators are identified under the Economic dimension of policy in column A of Table 3.2 but these are divided into six ‘macro-economic performance’ indicators and seven ‘competitiveness’ indicators, which relate to paragraph 2.1 of the PPF, two infrastructure indicators that relate to paragraph 2.3 and four ‘Information Society’ indicators that relate to paragraph 4.4. Detailed Methodology and Data Notes relating to each of the background indicators are presented in Appendix 2.

These background indicators provide additional information relating to the policy objectives and headline indicators presented in Table 3.1. Reading across the table, the linkage between the headline and background indicators is outlined in the fourth column. Progress on Headline Indicator I.1, *GNP and GDP Per Capita Nationally and by Region*, identified in the third column, reflects ‘achievement of higher living standards’ which is one of the policy objectives identified in the second column, arising from Operational Framework I. But it is a summary indicator that must be situated within a broader framework. An important part of the broader framework is identified in the fourth column through the reference to Column A in Table 3.2, where key macro-economic indicators are specified under the heading ‘A (i) Macro-economic Performance’. These are in turn linked to a particular paragraph of the PPF.

It is noteworthy that with the exception of Framework III, Social Inclusion and Equality, each of the frameworks has background indicators under a range of policy dimensions. For example, the background indicators for Framework I come under the economic policy dimension (macro-economic indicators) and the distribution/equity dimension (taxation). The range of background indicators relating to Framework II are even more diverse, coming under each of the policy dimension headings: economic, socio-economic, distribution/equity and environment. This range illustrates the interaction of what have traditionally been considered discrete streams of policy and the broad basis of policy action necessary to enhance prosperity and economic inclusion.

Part II

Benchmarking Progress on the *Programme for Prosperity and Fairness*

This section consists of five chapters, one devoted to each of the first four operational frameworks of the PPF and a summary and concluding chapter. The four operational frameworks are:

1. Living Standards and the Workplace Environment;
2. Prosperity and Economic Inclusion;
3. Social Inclusion and Equality; and
4. Successful Adaptation to Continuing Change.

In each chapter the key policy objectives and associated indicators are outlined. This is followed by an assessment of data availability and an outline of progress from 1997 to 2000 on key objectives. The 2000 data or the latest data prior to that are identified as the benchmarks against which progress on the PPF should be measured. The ideal situation would be for this exercise to take place concurrent with the framing of the PPF. This would mean that indicators and the associated benchmarks against which progress would be measured would be in place when the programme policy objectives were being formulated. This is the kind of approach that was adopted in the National Development Process. An exercise such as that is not realistic in the negotiation of national agreements due to the dynamics of negotiating such an agreement and the time frame involved. Yet, at a minimum, basic indicators and the associated benchmarks against which progress can be measured should be formulated. Two problems have inhibited this process in the past: (i) absence of agreement on indicators in some areas, and (ii) data deficiencies. As will become clear throughout this report the latter is still a problem.

In the summary and conclusion the implications of the overall trends are summarised and their implications for progress on the overarching objectives of the PPF are discussed. Issues arising from data deficiencies and timeliness are considered in Chapter 9.

CHAPTER 4

IMPROVING LIVING STANDARDS AND THE WORKPLACE ENVIRONMENT

The achievement of higher living standards and improvements in the environment for work are the prime responsibility of the first operational framework, but policy in a range of areas covered in other frameworks impacts on these objectives and should be considered in evaluating progress on the benchmarks established here. Following the criteria specified in Chapter 2 the overarching objectives reflected by Framework I are operationalised into three policy objectives and five headline indicators.

4.1 POLICY OBJECTIVES AND HEADLINE INDICATORS

The three policy objectives are to:

- I.1 achieve higher living standards;
- I.2 achieve improvement in the work environment; and
- I.3 enhance workplace relations through enterprise-level partnership.

The first four headline indicators outlined in the third column of Table 3.1 and described in detail in Appendix 1, relate to the objective of achieving higher living standards:

HI.1 Irish GNP and GDP per capita as a percentage of EU GDP per capita nationally and by region;

HI.2 Percentage of taxpayers subject to higher rate of income tax;

HI.3 Percentage of minimum wage not subject to income tax; and

HI.4 Coverage of occupational pensions as percentage of National Pension Policy Initiative (NPPI) targets by sex, age, and occupational group.

The fifth headline indicator addresses a significant element of improving the work environment:

HI.5 Occupational injury rate per 1,000 at work.

The first headline indicator, HI.1 *Irish GNP and GDP Per Capita as a Percentage of EU GDP Per Capita Nationally and by Region*, uses GNP and GDP despite the fact that GDP is the standard measure used in international comparisons of living standards. As discussed in Section 2.3, this reflects the fact that there is a significant gap between GNP and GDP in Ireland whereas there is little difference in other EU countries. The primary reasons for the greater difference in Ireland are the repatriation of the profits of overseas companies and the interest payments on the foreign debt component of the national debt. The breakdown by region reflects the emphasis on regional balance in the PPF and the division of the country into two regions for Structural Funds purposes. Two measures of regional variation are used: Gross Value Added (GVA) and Disposable Income per capita. For the first, national figures are divided according to regional shares of national Gross Value Added (GVA). This is a standard measure of overall economic performance. GVA at basic prices is a measure of the value of the goods and services produced in a region at the value which the producers receive minus any taxes payable and plus any subsidies receivable as a consequence of their production or sale. GVA differs from household income in three respects: a) GVA includes the total profits of companies. Company profits arising in the state, which accrue to non-residents are considerable, b) the workforce that produces GVA in a region may not live there and may bring their incomes home to a neighbouring region, and c) personal income includes items such as social welfare benefits and factor income from abroad, which are not included in GVA. The second measure, Disposable Income per capita, overcomes these problems. Disposable Income is defined as total income (that is primary income plus social benefits and other current transfers) minus current taxes on income, social insurance contributions and other current transfer payments.

The second headline indicator, HI.2 *Percentage of taxpayers subject to higher rate of income tax*, addresses a commitment made in the PPF relating to taxation and pensions. The social partners agreed to the objective “of ensuring that, over time, at least 80 per cent of taxpayers are not subject to the higher rate of income tax” (paragraph 1.1.4). This is supplemented with an indicator relating to *percentage of the minimum wage not subject to income tax* (HI.3). The rationale for this is that it “is an agreed policy objective of the Government and the social partners that, over time, all those earning the minimum wage will be removed from the tax net” (PPF paragraph 1.1.3).

The fourth headline indicator, HI.4 *Coverage of occupational pensions as percentage of NPPI targets by sex, age, and occupational group*, also relates to a specific PPF commitment. Acknowledging the National Pension Policy Initiative target for occupational pensions of 70 per cent of the total workforce over age 30, the parties to the PPF agreed to co-operate “to actively promote improvements in the coverage of occupational pension schemes” over its lifetime (paragraph 1.2). While no comprehensive data are currently available on coverage of occupational pensions, the survey of occupational pension coverage proposed in the PPF is being planned and the results are anticipated within the lifetime of the programme. The best estimates of coverage relate to 1995. Combining actual and estimated figures, the Pension Board (1998) estimated that 46 per cent of the workforce (49 per cent of men and 40 per cent of women) had occupational pension coverage in that year.

The fifth headline indicator, HI.5 *Occupational injury rate per 1,000 at work*, reflects the outcome of the efforts of employers and employees in relation to the prevention of accidents in the workplace and the adoption of a health and safety culture (paragraph 1.3 (b) of the PPF). Data are available from the Central Statistics Office (CSO). The latest unpublished information available from the Quarterly National Household Survey relates to Quarter 2 in 1999. Information on occupational injuries is available from Eurostat but the definition it uses is different to that used by the CSO, making comparative analysis impossible at present.

The objective of enhancing workplace relations through enterprise-level partnership is to be achieved primarily through institutional development. The initiatives proposed under this heading are broad ranging and relate to building on experience to date and the further development of institutional supports. Other significant parts of this operational framework are also dependent on institutional development, for example, the modernisation of the public service (PPF, paragraph 1.4) and the annexes relating to equal opportunities and family-friendly policies at the level of the enterprise. While it may be appropriate to develop quantitative indicators to measure progress in these areas in the future, it is not amenable to measurement through quantitative headline indicators at present. It is anticipated that the National Centre for Partnership and Performance will develop appropriate indicators in this area.

4.2 BACKGROUND INDICATORS

The location of the related background indicators is outlined in the fourth column of Table 3.1 and the specific indicators are listed in Table 3.2 under the sub-headings: Macro-economic Performance, Taxation, Income Adequacy and the Labour Market. The linkage of each of these to a particular paragraph or paragraphs of the PPF is identified in brackets. Detailed Methodology and Data Notes are presented in Appendix 2. The identification of a greater number of background indicators reinforces the point that the headline indicators are selected to reflect a general situation rather than being intended as comprehensive descriptors of particular policy objectives.

4.3 MEASURING PROGRESS IN LIVING STANDARDS AND THE WORKPLACE ENVIRONMENT

Data for the headline indicators for Operational Framework I are outlined in Table 4.1 for 1997 and 2000, or the latest available year. Data for 2000 are not available for any of the comparative measures.

TABLE 4.1**Measuring Progress in Living Standards and the Workplace Environment**

Headline Indicators	1997	2000 or latest
HI.1 GDP, GNP, GVA and Disposable Income:		
Irish GDP per capita as % of EU GDP per capita:	101.6	114.3
Irish GNP per capita as % of Irish GDP per capita:	87.3	84.0
Irish GVA per capita as % EU GVA per capita:		
EU=100	100	100
State	104.0	102.2 (1998)
Border, Midland and West	76.0	75.9 (1998)
South and East	114.1	111.7 (1998)
Disposable Income per capita		
State=100	100	100 (1998)
Border, Midland and West	90.8	91.4 (1998)
South and East	103.3	103.1 (1998)
HI.2 Percentage of taxpayers subject to higher rate of income tax	37.3	36.5 (2001/2)
Percentage of income earners subject to the higher rate of tax	28.4	22.7 (2001/2)
HI.3 Percentage of minimum wage not subject to income tax	N/A	84; 79 from July 2001
HI.4 Coverage of occupational pensions – percentage of employees	46 (1995 estimate)	N/A
HI.5 Occupational injury rate per 1,000 at work	15	19 (1999)

Note: N/A: Information is not available.

The first four indicators in Table 4.1, HI.1 to HI.4, measure progress in the achievement of higher living standards (see Table 4.1, column 2 re policy objectives). The first measure, which is an explicitly comparative measure, indicates that GDP per capita had exceeded EU GDP by 1997 and had reached 114 per cent of the EU average in 2000. Yet it is important to bear in mind that there is a significant

difference between GDP and GNP in Ireland. In 2000 GNP was equivalent to 84 per cent of Irish GDP or about 96 per cent of the EU GDP per capita. The strength of Ireland's economic performance is reflected in the fact that all of the background economic performance indicators – GNP and GDP percentage change; GNP and GDP *per capita* percentage change; GNDI *per capita* percentage change, inflation, budget surplus and the debt/GNP and GDP – are positive in their direction of change and in performance relative to EU averages for 1997 and 2000 or nearest year available (Appendix 2). Data for 2000 are available for all of these indicators except GNDI and inflation.

The trend of improvement in economic performance evident in these indicators for the state is also evident for the Border, Midland and West (BMW) and the South and East (S&E) regions when GVA is examined. The significant pattern here is the persistent difference between the two regions. These are the NUTS2 regions, which were proposed by the Government and agreed by Eurostat in 1999. The NUTS classification refers to the Nomenclature of Territorial Units classification used by Eurostat. The NUTS2 regions are groupings of the NUTS3 regions, which are the eight Regional Authorities established under the Local Government Act 1991. The GVA figures are available for both classifications. The detailed regional breakdown, presented in Appendix 2, indicates that only the Mid East, and within this only Dublin and the South West (and probably only Cork city) are above the EU GVA average in 1997 and 1998 and throughout the 1996-1998 period. The disposable income figures present a less extreme picture of regional disparity than does GVA. This reflects the fact that it is post-tax and benefit income, and social benefits have a considerable redistributive impact and redress the imbalances due to the demographic structure of the population. Neither the GVA nor the disposable income measures are adequate measures of regional imbalance. Progress on both must be monitored and should be considered within the context of other factors that influence living standards, for example, variation in housing costs within and across regions are relevant to the impact of imbalances in disposable income (see Table 5.8). The changed context reflected in the advantages associated with the retention of

Objective 1 status for Structural Funds purposes and the commitment of the state industrial location agencies to regional dispersion of industry should help to redress the imbalance in development reflected by these indicators. The figures provided in Table 4.1 and in Appendix 2 provide clear benchmarks against which progress should continue to be measured.

4.4 TAX, PRSI AND PENSIONS

Consistent with the PPF commitment that over time at least 80 per cent of tax payers would not be subject to the higher rate of tax, a decreasing trend was evident by 2000. The percentage paying the higher rate was reduced from 37.3 per cent in 1997 to 36.5 per cent in 2000 (HI.2 in Table 4.1). *This table also includes information on the percentage of income earners subject to the higher rate of tax. This is, of course, lower and is an important benchmark since removal of lower paid workers from the tax net could lead to a worsening of the percentage paying the higher rate unless the standard rate tax band is altered.* Locating these findings in the context of the broader trends relating to Irish taxation outlined by the background indicators, it is reasonable to conclude that Ireland is now a low tax economy. This does not mean that the distribution of taxation payment is optimum. The latter point is illustrated by performance on indicator HI.3 which indicates that from July 2001 tax liability on minimum wage earners increased despite the PPF commitment to remove those earning the minimum wage from the tax net over time. Following the 2001 budget the entry point for tax liability is £144 per week, that is 84 per cent of the minimum wage for a forty-hour week up to June 2001. The increase of the minimum wage to £4.70 per hour in July will mean that only 79 per cent of minimum wage earning derived from a forty hour week will be tax free. Despite this it is clear that relative to our EU and OECD partners the total tax paid in Ireland is low and decreasing, as is indicated in Tables 4.2 and 4.3.

TABLE 4.2**Total Tax Revenues as a Percentage of GDP at market prices¹**

	1992	1994	1998
Ireland	35	36	32
Denmark	47	50	50
Netherlands	45	43	41
UK	35	34	37

Source: OECD (2000), *Taxing Wages 1999-2000*, Annex Table II.A.

Note: 1. Total tax revenue includes personal income taxes, social security contributions (employers and employees) and all other taxes.

TABLE 4.3**Tax as a Percentage of GDP and GNP**

	1990	1997	1999	2000
% of GDP	32.6%	31.7%	32.1%	30.1%
% of GNP	36.4%	36.1%	36.9%	35.8%

Source: Department of Finance (2000 and 2001), *Budgetary and Economic Statistics*, Tables 4 and 12.

The average rate of tax paid by the Average Production Worker (APW), who is single and without children, indicates a similar decreasing trend over time and relative to our EU partners, and this is maintained when employee social security contributions are included (Appendix 2, Indicator C.2). The pattern over time is similar for marginal tax rates at various income levels from 50 per cent to 500 per cent of average industrial earnings. The comparable figures based on 67 per cent, 100 per cent and 167 per cent of average industrial earnings indicate a consistent improvement relative to the Netherlands and Denmark. Relative to the UK the situation had improved considerably by 2000 for those with 67 per cent of average industrial earnings but marginal tax rates are still considerably higher in Ireland for those at the average and 167 per cent levels. A similar pattern is evident with the tax wedge, that is the difference between the cost to the employer of employing someone and the value of earnings to the employee, defined as

income tax plus employee and employer social security contributions as a percentage of labour costs: The change over time is positive at all income levels whether measured from 1987 to 1999 or 1996 to 1999 but the tax wedge for the average production worker is still marginally lower in the UK: 30.8 per cent relative to 32.4 per cent in Ireland in 1999 (Appendix 2, Indicator C.4).

4.5 OCCUPATIONAL INJURIES

The fifth headline indicator, HI.5 *Occupational injury rate per 1,000 at work*, indicates a disimprovement in the situation over the 1997 to 1999 period. This is a very disturbing trend and indicates the urgency of legislative proposals and associated policy action in this area. The Safety, Health and Welfare at Work Act, 1989 is under review by the Health and Safety Authority. The completion of this review will enable legislative proposals to be developed that could strengthen and update statutory health and safety provisions. These are essential if the objective of the PPF to enhance the health and safety culture of all workplaces is to be realised.

4.6 SUMMARY OF TRENDS

Five indicators have been identified to measure progress in living standards and the workplace environment (Table 4.1). These relate to living standards, taxation, coverage of occupational pensions and the occupational injury rate. Living standards at the national level as reflected in GNP and GDP per capita can be benchmarked for the year 2000. The latest date for which regional measures, as reflected in GVA and disposable income per capita, can be benchmarked is 1998. The taxation measures, percentage of taxpayers subject to the higher rate of tax and the percentage of the minimum wage not subject to income tax, can be benchmarked for the 2001/2 tax year. Data on the occupational injury rate are available for 1999. It is not possible to update the 1995 coverage of occupational pensions benchmark *estimated* for the National Pensions Policy Initiative.

The review of progress on living standards as measured by GDP and GNP and key associated indicators demonstrates considerable

progress since 1997. Disposable income and GVA indicate that progress is not uniform across regions. The benchmarks established in Table 4.1 point to the importance of the policy commitment to balanced development between regions reflected in the PPF and the NDP. The only negative trend identified in terms of the objectives of this operational framework is the increase in occupational injuries per 1,000 at work from 15 in 1997 to 19 in 2000. This points to the urgency of progress on the legislative changes arising from the review of the Health and Safety at Work Act, 1989. Despite the commitment to increasing coverage of occupational pensions, the only data available are for 1995, and this is an estimate. However, there is a commitment to a survey in this area within the lifetime of the PPF.

CHAPTER 5

ENHANCING PROSPERITY AND ACHIEVING ECONOMIC INCLUSION

Commitments under operational framework II of the PPF are identified under thirteen headings covering a wide range of policy issues including the overall economic context, enterprise policy, public transport infrastructure, rural and regional development, housing and environment policy. The overarching thrust of the framework is encapsulated in the two following policy objectives:

- II.1 Underpin Ireland's competitiveness; and
- II.2 Use increased prosperity to enhance our quality of life in the context of a fairer and more inclusive society.

5.1 INDICATORS

Six headline indicators were identified in Table 3.1. to benchmark the policy objectives.

The first three headline indicators relate directly to underpinning competitiveness:

- HII.1 *Labour Productivity (annual percentage change);*
- HII.2 *Employment (annual percentage change);* and
- HII.3 *R&D Expenditure as a percentage of GDP.*

These are supplemented with a range of background indicators relating directly to competitiveness (Table 3.2 column A: A (ii)) and labour market indicators that reflect, and impact on, competitiveness (Table 3.2 column B: B (i) Labour Market).

The other three headline indicators relate to quality of life under the dimensions of environment, infrastructure and housing:

- HII.4 *Emission of basket of greenhouse gases relative to Kyoto limits;*
- HII.5 *Transport infrastructure investment per capita;* and

HII.6 *Housing unit stock and completions.*

These are supplemented with background indicators under each of the dimension headings in Table 3.2, columns D (Environment), A (Infrastructure) and C (Housing) respectively.

The first headline indicator, HII.1 *Labour Productivity (annual percentage change)*, indicates the change in unit of output per unit of labour input. This is a measure of a dynamic, competitive and technologically advanced economy, indicating a flexible workforce as well as adaptable businesses. An important facet of this indicator for Ireland is that labour productivity is significantly higher, and has grown faster, in foreign-owned than in Irish-owned companies. High labour productivity is therefore, to a significant degree, reflective of the high level of FDI in Ireland and its technological nature.

Two definitions are commonly used for the second indicator, HII.2 *Employment (annual percentage change)*: the proportion of people of working age 15 to 64 in employment (OECD, Eurostat Labour Force Surveys), and the proportion of people aged 15 years and over in employment (calculated from the Irish QNHS surveys). This is the clearest indication of the demand for labour and reflects economic activity and growth.¹ High employment rates should also, although do not necessarily, indicate, and contribute to, improved social circumstances.

The third headline indicator, HII.3 *R&D Expenditure as a percentage of GDP*, comprises all of a country's expenditure on Research and Development activities as a proportion of GDP. It includes expenditure by government, businesses and industry and investment from abroad.² Research and Development is an important driver of progress in an economy and society and is essential to increasing innovation through technological progress and the development of 'knowledge capital' (Fitz Gerald et al,

1. The employment and unemployment rates are influenced by and are indicators of labour supply and demand, and are considered in Table 7.1 and Table 3.2 B: Labour Market.

2. Because of its composition, GDP rather than GNP is the appropriate denominator.

1999: 61-2 and 296-8). The indicator illustrates the level of priority attached to the development of a knowledge-based economy, thereby contributing to the development of increased productivity and competitiveness. Investment in R&D is essential to ensure that Ireland can position itself at the cutting edge of industrial development and innovation. The creation of linkages between industry, academia and the social partners can aid in maximising the return on the State's investment in R&D to the benefit of all in society. In addition, investment in R&D contributes to the development of a skilled and adaptable workforce and a population that can embrace the changes emerging as a result of rapid and ongoing technological advances. This indicator is supplemented with one relating to business investment in R&D and one related to Government appropriations and Outlays on R&D as a percentage of GDP (Table 3.2: A (ii): Competitiveness and Appendix 2).

The fourth headline indicator, HII.4 *Emission of basket of greenhouse gases relative to Kyoto limits (64,253,000 tonnes CO₂ equivalent,)* reflects Ireland's commitment under the Kyoto protocol. At the UN climate conference in Kyoto in December 1997, the industrialised world agreed a protocol to reduce greenhouse gas emissions. The Kyoto agreement uses 1990 as its benchmark year. Under the Kyoto Protocol, industrial countries agreed to reduce their greenhouse gas emissions (six gases) by 5 per cent of their 1990 levels by 2008-2012. Within this requirement, the EU as a whole agreed to reduce emissions by 8 per cent. As part of this commitment, and recognising Ireland's converging rate of economic growth, it was agreed that the ceiling on Ireland's growth in greenhouse gas emissions would be 13 per cent above 1990 levels. The Government is legally bound under the agreement to take action to reduce the emissions. The National Climate Change Strategy produced by the Department of the Environment and Local Government outlines the programme for action.

The reduction target of the Kyoto agreement involves six gases: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride, hydrofluorocarbons (HFC) and perfluorocarbons (PFCs). No figures currently exist in Ireland for the last four gases, although the EPA estimate that they account for less than 1 per cent

of the total national emissions. Research is currently being undertaken on producing an inventory of these gases, funded by the NDP and the EPA, with results expected in 2002. The net emissions of the three main greenhouse gases (carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O)) are presented in Table 5.1. The major human emissions of GHGs in Ireland include carbon dioxide (CO₂), in particular through the burning of fossil fuels, methane (CH₄) and nitrous oxide (N₂O). Energy use is the single most important contributor of GHGs. Agriculture is the other major contributor. In the period 2008-2012 Ireland's Kyoto commitment is to limit the net growth in emissions to 13 per cent above 1990 levels or to 62 MT CO₂ equivalent (Table 5.2). Ireland had already exceeded this limit by 2000.

TABLE 5.1
Total Net Green House Gas Emissions, Ireland 1990 and 1998 and Projections for 2000 (in Kilo tonnes)

	Carbon Dioxide CO ₂	Methane (CH ₄)	Nitrous Oxide (N ₂ O)	HFC PFC SF6 ¹	Net total emissions as CO ₂ equivalent ²	% increase
1990	31,575	12,836	9,085	256	53,752	–
1998	40,028	13,631	10,069	256	63,239	17.65%
2000	42,675	13,139	9,630	799	65,252	21.39%

Source: Department of the Environment and Local Government (2000), *National Climate Change Strategy Ireland* and Environmental Protection Agency (2000), *Emissions to Air 1990-1998*.

Note: 1. The base year for these gases (HFCs, PFCs and SF6) is 1995 as agreed to in the Kyoto protocol, as data for emissions in 1990 are inadequate and emissions were insignificant until 1995. The initial estimations are that in 1995 total emissions of all these gases together represented 0.5 per cent of total emissions. This is expected to rise very rapidly to the period 2010. Much of the rise is due to the replacement of CFCs with HFCs.

2. Net emissions is total emissions less sinks (Kyoto basis).

TABLE 5.2

The Burden Sharing Targets Agreed by EU Member States
(Emissions measured in Mtonnes of CO₂ Equivalent)

	Change from 1990 (%)	Emissions 1990	Target 2008-2012
Ireland	+13.0	55	62
Denmark	-21.0	72	57
Netherlands	-6.0	217	204
UK	-12.5	790	691
EU Total	-8.0	4,264	3,922

Source: Department of the Environment and Local Government (2000), *Report of the Consultation Group on Greenhouse Gas Emissions Trading*.

This headline indicator is supplemented with six background environmental indicators (Table 3.2, column D: Environment).

The fifth headline indicator measuring progress in prosperity and economic inclusion relates to infrastructure reflecting the use of increased prosperity to enhance our quality of life in the context of a fairer and more inclusive society. There are no reliable data on *Expenditure on Infrastructure per capita* but data will be available from county level up and for each of the Operational Programmes, sub-programmes, measures and projects under the National Development Plan. To facilitate cross-national comparisons this should be standardised using purchasing power standards. Until data become available, *Transport Infrastructure Investment per capita* is the proxy for HII.5 and provides a comparative ranking for Ireland within the European Union. This is available for the 1990-98 period in the EU Transport in Figures Statistical Pocket Book (2000). This supplemented with two background indicators relating to road and rail infrastructure (Table 3.2, columns A: Infrastructure).

HII.6 *Housing unit stock and completions per 1,000 population*, the sixth headline indicator under this framework, refers to the number of existing housing units (stock) and the number of units completed

in a given period (flow). The stock of housing provides a snapshot of available housing units at any one time while completions provide a dynamic indicator of change in the supply of housing. Distinguishing between social and private housing is important in the benchmarking of progress as they are linked elements of the housing system (NESC, 1999). Social housing units are comprised largely of local authority housing. Despite the fact that voluntary housing has frequently been advocated as an element of social housing in Ireland it still accounts for less than one per cent of the housing stock, that is around 11,000 units and production is highly variable: from 1,101 in 1995 it was reduced consistently to 478 in 1998. The provisional figure for 2000 is 971. As house prices and private rents increase the demand for social housing increases. Similarly, social housing completions have an impact on other housing sectors. Many of those who are eligible for social housing currently reside in unsuitable or unaffordable private rented accommodation, some of which may be rent assisted (NESC, 1999: 503-5).³ Social housing provision can lessen the demand for private rented stock; a more open and higher quality of private accommodation could lessen the demand for private purchase and social housing. The headline housing indicator is supplemented with three indicators relating to affordability, quality and local authority waiting lists (Table 3.2, C: Housing and Appendix 2).

5.2 MEASURING PROGRESS IN PROSPERITY AND ECONOMIC INCLUSION

The overarching objective of achieving prosperity and economic inclusion in Ireland is reflected in the policy objectives of underpinning Ireland's competitiveness and using increased prosperity to enhance our quality of life in the context of a fairer and more inclusive society. The data to locate Ireland on the associated indicators in 1997 and 2000 are presented in Table 5.3.

As with the GDP and GNP figures and the background macro-economic data presented under Operational Framework I, the data

3. In addition, rent-assisted social housing is a significant element of the housing system. In 1999, 41,000 households were in this type of accommodation.

TABLE 5.3
Measuring Progress in Prosperity and Economic Inclusion

Headline Indicators	1997	2000
HII.1 Productivity (annual % change)	6.1	3.9
HII.2 Employment (annual % change)	3.6	4.7
HII.3 R&D Expenditure as a % of GDP	1.4	N/A
HII.4 Emission of basket of greenhouse gases relative to Kyoto limit 2008-2112 (64,253,000 tonnes CO₂ equivalent) % of limit	98.4 (1998)	101.5
HII.5 Transport infrastructure investment <i>per capita</i> – rank within EU 15. [PROXY for infrastructure investment per capita]	15 (1990-98)	N/A
HII.6 Housing unit stock		
– Local authority per 1,000 population	26.9	26.2
– Private per 1,000 population	295	315
Housing unit completions		
– Local authority per 1,000 population	0.9	0.8
– Private per 1,000 population	9.7	12.3
Voluntary housing unit completions	756	951 ^P

Note: N/A: Information is not available.
p: Provisional.

relating to productivity (indicator HII.1) and employment (indicator HII.2) are impressive in terms of progress over time (Table 5.3) and relative to EU averages (Tables 5.4 and 5.5 and Appendix 1).

Changes in labour productivity and in employment, which underpin and reflect Ireland's competitiveness, must be interpreted within the context of the background competitiveness and labour market indicators outlined in Table 3.2 and presented in detail in Appendix 2. Data on most of these indicators reinforce the positive story, particularly the Foreign Direct Investment (FDI) inflows as a percentage of GDP, and total investment, measured by Gross Fixed Capital Formation (GFCG), as percentages of GNP and GDP. The regional indicator for FDI is *New Permanent Jobs Created by*

TABLE 5.4**Labour Productivity, percentage change¹ (prices, wages and labour costs)**

	1990	1997	2000 ²
Ireland	3.2	6.1	3.9
Denmark	1.7	2.1	1.8
Netherlands	1.7	1.0	1.4
UK	-0.5	1.4	2.1
EU (15)	1.2	1.8	1.9

Source: Eurostat (2000), *EC Economic Data Pocket Book December 2000*.**Note:** 1. Percentage change p.a.:GDP at 1995 market prices per person employed.
2. DG ECFIN Economic Forecasts, Spring 2000.**TABLE 5.5****Employment percentage change, 1987, 1990, 1997, 2000**

	1987	1990	1997	2000 ¹
Ireland	0.6	3.3	3.6	4.7 ²
Denmark	0.9	-0.8	2.2	0.8
Netherlands	1.6	3.0	3.4	2.5
UK	2.6	0.3	1.6	0.9
EU 15	1.1	1.5	0.8	1.5

Source: OECD (2000) OECD Economic Outlook December 2000 and OECD Employment Outlook June 2000 and Eurostat (2000), *EC Economic Data Pocket Book December 2000*.**Note:** 1. DG ECFIN economic forecasts, Spring 2000.
2. QNHS Feb 2001.

Foreign-Owned Companies supported by IDA Ireland, Enterprise Ireland, Shannon Development and Udaras na Gaeltachta (A8). While the net changes in employment are positive for all regions in the 1994 to 2000 period, these figures are not particularly helpful without detailed analysis relating to population and labour force.

The third headline indicator, HII.3 *R&D Expenditure as a percentage of GDP*, presents a considerably less impressive picture than the employment and productivity change indicators. The latest year for which data are available is 1997. The 1.4 per cent of GDP in that year and in 1996 is low relative to the EU average of 1.8 per cent and especially relative to Denmark (2.0 per cent), the Netherlands (2.1 per cent) and the UK (1.9 per cent). Two of the background indicators provide some further information. Business Investment in R&D (Appendix 2, A12) was marginally above the EU average in 1997 but considerably below the OECD average. Two-thirds of this was carried out by foreign-owned firms but only a quarter of these carry out any R&D (National Competitiveness Council, 2000: 57). Government Investment in R&D (Appendix 2, A13) was less than half the EU percentages in 1997 and 1998. It is noteworthy that Ireland's R&D expenditure on higher education and government institutions, at 0.42 per cent of GDP, was, with Portugal's expenditure, the lowest of thirteen EU countries in 1998, the latest year for which data are available. The EU average expenditure was 0.66 per cent of GDP and the median was 0.7 per cent. As a crucial element of Ireland's competitiveness, various dimensions of expenditure on R&D and related activity are examined in some depth in the *Annual Competitiveness Report* for 2000 produced by the National Competitiveness Council (2000: 57-59 and Tables A6 and A7).

The fourth headline indicator, HII.4 *Emission of basket of greenhouse gases relative to Kyoto limits (64,253,000 tonnes CO₂ equivalent)*, reflects Ireland's commitment under the Kyoto protocol. This commitment, to be reached by 2008-2012 was exceeded by 2000. Six background environment indicators are presented in Appendix 2. A review of the data relating to each of these reinforces the negative situation reflected by the headline indicator. Ireland's level of household and commercial waste increased by over 11 per cent between 1995 and 1998. In the late 1990s its municipal waste per capita was higher than the average of the OECD and the OECD Europe averages: 560 tonnes per capita compared to 500 and 450 tonnes per capita respectively (Appendix 2: D1). Ninety-one per cent of waste went to landfill in 1998

compared to a European average in the late 1990s of 66 per cent and only 35 per cent in the Netherlands and 22 per cent in Denmark (Appendix 2:D2). The compliance rate for coliforms, which measures the overall rate of microbiological quality of water for human consumption was 91 per cent in public schemes and 64 per cent in group schemes in 1997 (Appendix 2:D3). In the 1995-1997 period, 67 per cent of river water was unpolluted, 18 per cent was slightly polluted, 14 per cent was moderately polluted and 1 per cent was seriously polluted (Appendix 2:D4).

The fifth headline indicator measuring progress in prosperity and economic inclusion relates to infrastructure reflecting the use of increased prosperity to enhance our quality of life in the context of a fairer and more inclusive society. Until data become available *Transport Infrastructure Investment per capita* is the proxy for Infrastructure Investment per capita. It provides a comparative ranking for Ireland within the European Union. In the 1990-1996 period, the latest available Ireland ranked thirteenth in the EU. Ireland also ranks poorly on the background indicators of road and rail infrastructure: last of fourteen (1996) and last of thirteen (1998) respectively (Appendix 2: A16) (National Competitiveness Council, 2000: Table A13).

Housing relates in a very obvious way to the use of increased prosperity to enhance our quality of life in the context of a fairer and more inclusive society. But housing stock and completions are also pivotal to Ireland's continued economic growth and competitiveness. The overall stock of housing units increased over the 1997 to 2000 period as did completions (Table 5.3). This is a positive trend but hides an important difference in the trends relating to local authority and private housing. Table 5.6 presents data relating to the 1995-2000 period and indicates a consistent increase in private housing completions over that period, an increase from over 26,500 to over 46,500, or from 7.4 per 1,000 population to 12.3 per 1,000 population. In contrast, local authority completions were lower in 2000 (3,207) than in 1995 (3,842). Despite fluctuations in the number of completions over this period, the 1995 number was not reached again over the period, nor was the rate of 1.1 per 1,000 of the population. The rate for 2000 was 0.8 per 1,000 of the

population. This difference in the two trends is reflected in the decrease in the ratio of local authority to private houses from 1:10.6 in 1995 to 1:12.0 in 2000. The decrease in the ratio of local authority to private housing is more marked in housing completions from 1:6.9 in 1995 to 1:14.6 in 2000. In addition to the local authority housing, social housing includes a small voluntary housing element, estimated to account for less than one per cent of the housing stock in the late 1990s (NESC, 1999: 508-510). Over 1,000 voluntary housing units were constructed in 1995 and this dropped consistently to less than 500 in 1998. The provisional figure for 2000 is 951 (Table 5.3).

TABLE 5.6
Housing Unit Stock and Completions 1990-2000

Year	Housing Stock			Housing Completions		
	Local Authority ¹ (per 1,000 population)	Private ² (per 1,000 population)	Ratio of Local Authority to Private	Local Authority ³ (per 1,000 population)	Private (per 1,000 population)	Ratio of Local Authority to Private
1990	98,495 (28.1)	916,505 (261)	1:9.3	1,003 (0.3)	18,536 (5.3)	1:18.5
1995	95,735 (26.6)	1,019,265 (283)	1:10.6	3,842 (1.1)	26,604 (7.4)	1:6.9
1996	97,219 (26.8)	1,026,019 (283)	1:10.6	3,573 (1.0)	30,132 (8.3)	1:8.4
1997	98,394 (26.9)	1,078,606 (295)	1:11.0	3,217 (0.9)	35,454 (9.7)	1:11.0
1998	98,862 (26.7)	1,113,138 (300)	1:11.2	3,282 (0.9)	39,093 (10.6)	1:11.9
1999	99,259 (26.5)	1,151,741 (308)	1:11.6	3,713 (1.0)	43,024 (11.5)	1:11.6
2000	99,163 (26.2)	1,193,837 (315)	1:12.0	3,207 (0.8)	46,657 (12.3)	1:14.6

Source: Department of the Environment and Local Government (1999), *Annual Housing Statistics Bulletin 1999*, and figures provided by the Department of the Environment and Local Government; Central Statistics Office (2000), *Population and Migration Estimates* April 2000: Dublin: Central Statistics Office.

Note:

1. This stock figure refers to the number of local authority houses let on 31st December of the previous year.
2. These figures are based on estimates provided by the Department of the Environment and Local Government.
3. This includes housing completions and acquisitions.

Data on three background housing indicators is provided in Section C(iii) of Appendix 2. These are local authority waiting lists, housing affordability and housing quality.

Local Authority Waiting Lists (Appendix 2: C9) increased from 23,242 in 1991 to 27,427 in 1996 to 39,179 in 1999. These figures reflect ‘net approved need’ that is applications that have been assessed and approved for housing by local authorities. Details of the category of housing need by family status are given in Appendix 2. Table 5.7 provides a summary of the largest categories of need in 1996 and 1999. Amongst these the percentage unable to afford their own accommodation increased from 28 to 34 per cent. It is noteworthy that in 1999 almost 6 per cent of those assessed to be in need were homeless and a further 6 per cent were elderly. Travellers comprised 3.5 per cent of those in need of local authority housing, that is 1,406 single people or family units. This reflects a market increase on the 1996 figure of 749 Traveller family units which is not offset by the slight reduction from 734 to 622 family units seeking permanent accommodation in residential caravan parks/halting sites.

TABLE 5.7
Category of Housing Need, 1996 and 1999

	1996	1999
Unable to afford own accommodation	28%	34%
Living in overcrowded accommodation	22%	21%
Living in unfit accommodation	18%	12%
Involuntary sharing of accommodation	11%	10%

Source: Department of the Environment (1999), *Assessments of Housing Needs, 1999*, Circular N6/99.

The ratio of average house prices to the average industrial wage is a proxy indicator for a housing affordability indicator. While it is far from adequate it does give a reasonable estimation of purchase affordability and its change over time (Appendix 2: C7). Table 5.8 indicates that the ratio of the average price of new houses to average

earnings has increased from 4.33 in 1990 to 5.29 in 1997 to 7.40 in 2000. The corresponding figures for the Dublin area are 5.34, 6.32 and 9.70. The corresponding increases for second-hand houses are even more dramatic (Appendix 2).

TABLE 5.8

Comparison Of Average Earnings and Average Price of New House in selected years 1990-2000

	Average Earnings per year ¹	Average price of new house ² (whole country)	Ratio of average new house price to earnings	Average price of new house ² (Dublin only)	Ratio of average new house price in Dublin to earnings
1990	£11,915	£51,618	4.33	£63,595	5.34
1996	£14,748	£68,677	4.66	£76,439	5.18
1997	£15,215	£80,506	5.29	£96,111	6.32
2000 (Sept)	£18,002	£133,249	7.40	£174,622	9.70

Source: Department of the Environment and Local Government (2001), *Housing Statistics Bulletin* and Central Statistics Office (2001), *Industrial Earnings and Hours Worked September 2000*.

Note: 1. Gross earnings for all industrial workers.
2. For which loans were approved.

Unfortunately no corresponding proxy indicator is available for rented accommodation. This is a highly unsatisfactory situation. An accurate affordability index covering all tenures, incorporating maintenance as well as purchase price and rents is probably the most desirable of all housing indicators. If such an affordability index were to be developed in Ireland, key data would have to be made available on a regular basis, including data on net incomes, mortgage interest relief, mortgage and rent payments and maintenance and running costs (Appendix 2: C:7). In the meantime, the proxy indicator used above gives an indication of the purchase affordability.

The PPF contains a commitment to aim to ensure that every household has access to affordable, secure, good quality housing appropriate to their needs (paragraph 3.7). There are limited and intermittent data in this area. The National Survey of Housing Conditions is carried out every ten years by the Department of the Environment and Local Government. The last survey was undertaken in 1990. A new survey is to be undertaken this year, with results expected in 2002-03. Data are available from the Central Statistics Office's Quarterly National Household Survey, which periodically includes a module on Housing and Households. This contains information on 'Problems with Accommodation'. It was most recently published in December 2000 and related to the third quarter of 1998. This module will not be repeated until 2003-2004. Detailed tables from the 1998 findings are presented in Appendix 2: C8. The most striking finding is the high rate of problems, such as dampness in walls, rot in windows, pollution from industry or traffic experienced by renters and those acquiring housing from a local authority compared to those in owner-occupied housing. High rates of problems were also experienced in female-headed households and households where no one was employed. These data on the background housing indicators reinforce the conclusion from a review of the completion and stock figures that the housing system continues to be under considerable pressure.

5.3 SUMMARY

Six headline indicators were identified to measure progress in prosperity and economic inclusion in Table 3.1. Benchmarks for the year 2000 are established for four of these: annual percentage changes in productivity and employment, emissions of greenhouse gases and housing unit stock and completions. The latest year for which benchmarks can be established for R&D expenditure as a percentage of GDP is 1997. Data for infrastructure investment per capita are not yet available. A ranking of Ireland within the EU based on average expenditure per capita for the 1990-98 period is available for the proxy indicator identified: transport infrastructure investment per capita.

This review of data on the policy objectives directed to enhancing prosperity and economic inclusion and the associated indicators presents a mixed picture. Productivity and employment growth match the progress on Framework I but the regional breakdown indicates a more mixed picture and reinforces the conclusion of the earlier analysis on the importance of benchmarks relating to regional balance. The trend in relation to all of the environmental indicators considered is reflected in the relative deterioration of Ireland's position on greenhouse gas emissions between 1997 and 2000. This trend points to concerns about the sustainability of development. Unfortunately there are significant data deficiencies in relation to two of the other indicators that are important in relation to sustainability and the underpinning of competitiveness, namely R&D expenditure and the proxy indicator on transport infrastructure expenditure per capita. Ireland's performance on each is poor but data are available only for 1997. Finally, housing which is important in relation to social and economic inclusion and sustainability, presents a mixed picture. Despite the increase in the total number of units the balance between public and private housing is shifting in favour of the latter. While this might be positive and reflect an increased commitment to home ownership, it is a cause for concern and policy action in a situation of decreasing purchase affordability. The need for such action is reinforced by the increasing local authority waiting lists.

CHAPTER 6

ACHIEVING SOCIAL INCLUSION AND EQUALITY

The third operational framework of the PPF includes commitments under twelve headings and a wide range of objectives related to achieving social inclusion and equality. Two broadly-based policy objectives that capture specific important dimension of the overarching objective of achieving social inclusion and equality are considered in this chapter:

III.1 Reduce income poverty and social exclusion; and

III.2 Improve the health status of the population.

Social inclusion and equality cannot be divided from economic inclusion considered in the previous chapter. Consequently, in considering the two objectives identified above and the associated indicators, the links to other operational frameworks and *vice versa* must be kept in mind. For example, the indicators relating to employment growth and housing, considered in the previous chapter, are particularly important elements of the context within which social inclusion and equality are analysed.

6.1 INDICATORS

The policy objective to reduce income poverty and social exclusion is measured by three headline indicators:

HIII.1 *‘Consistent poverty’ – percentage of households below 50 and 60 per cent relative income thresholds and experiencing basic deprivation;*

HIII.2 *Relative income poverty – percentage of the population below 40, 50 and 60 per cent of average income; and*

HIII.3 *Social welfare payments as a percentage of adequacy benchmark.*

These are supplemented with three measures of income adequacy in

Table 3.2 (column C: C(ii)). These are in turn linked to paragraph 3.2 of the PPF.

There are no satisfactory indicators to measure progress over the lifetime of the PPF on the policy objective of improving the health status of the population. Six widely-used health-related indicators are discussed, two expenditure measures: one service measure and three health status measures. Their limitations for the present exercise are outlined. *Disability-Adjusted Life Expectancy (DALE)* is chosen as the headline health status indicator. This provides a comparative assessment of overall health status, rather than a measure of progress on specific health related measures over the period of the PPF. It is an important indicator of progress and a breakdown by socio-economic group would provide a powerful indicator of social inclusion.

Consistent Poverty and Relative Income Poverty

Consistent Poverty is the overarching measure of poverty used in the National Anti-Poverty Strategy and it is the key target against which progress on the strategy is measured. It refers to the percentage of households whose disposable income is below 50 per cent or 60 per cent of the average disposable income and who also experience an enforced lack of certain basic necessities. Thus, it incorporates relative income poverty and combines it with a measure of basic deprivation. The necessities considered are: heating, one substantial meal each day, chicken, meat or fish every second day, a 'roast' or equivalent once a week, a warm coat, new rather than second-hand clothes and being able to pay everyday household expenses without falling into arrears. The rate of consistent poverty is expressed as a range. The lower point of this refers to the proportion of households experiencing income poverty at the 50 per cent line and enforced deprivation of at least one of the above items, while the higher point refers to those experiencing income poverty at the 60 per cent line and enforced lack of one or more items. It is derived from the Living in Ireland Survey, which is undertaken on an annual basis by the Economic and Social Research Institute (Layte et al, 2001). There are no comparable data on consistent poverty rates for EU or OECD countries.

Relative income poverty relates to the concept of exclusion due to a lack of financial resources from what is deemed an adequate living standard established by reference to ‘normal’ or ‘usual’ activities in a given society. It is usually expressed as the percentage of households or individuals that fall below a percentage, 40 per cent, 50 per cent and 60 per cent, of either the mean or median income of all households or individuals. The 50 per cent low income threshold is most frequently used in cross-national comparisons, for example by Eurostat and the OECD.

The measure of income used for these indicators is equivalised disposable income. Disposable household income refers to the income of all household members from all sources, after income tax and PRSI contributions are deducted. Equivalence scales weight households and income according to household size and composition. The scale used for the overarching NAPS target is one based on the scales implicit in Irish social welfare rates whereby the first adult is given a value of 1, each additional adult, defined as persons aged fourteen and over, is given a value of 0.66 and each child 0.3. Cross-national analysis is usually based on the OECD scale where the first adult is given a value of 1, each additional adult 0.7 and each child 0.5, or the ‘modified OECD’ scale where each additional adult is given a value of 0.5 and each child 0.3 (Layte et al: 2001).

Social Welfare Payment Adequacy

The third headline indicator relating to social inclusion and equality arises from a commitment in the PPF to “ensure that the real value of social welfare payments is maintained and where possible enhanced to ensure that all share in the fruits of economic growth” (3.2). No adequacy benchmark currently exists. Recognising the complex issues involved in developing a benchmark for adequacy of adult and child social welfare payments including the implications of adopting a specific approach to the ongoing uprating or indexation of payments, the PPF mandated the establishment of a Working Group to examine the issues, including their long-term economic, budgetary, PRSI contribution, distributive and incentive implications in the light of trends in economic, demographic and

labour market patterns (3.2). The Group, which was composed of the social partners, completed its report in September 2001.

While different views were held amongst the Group on the necessity or otherwise of setting a benchmark for welfare payments they did examine a number of illustrative benchmark options in order to assess their likely impacts. In selecting these options the Group had regard to the three options for an adequacy benchmark which the Council had outlined in its 1999 Strategy (NESC, 1999):

- (i) The 50 per cent average income threshold or poverty line;
- (ii) A percentage of Net Average Industrial Earnings; and
- (iii) The Commission on Social Welfare £60 rate in 1985 prices uprated to 1999.

The Group also took into consideration the recommendation of the National Pensions Policy Initiative that social welfare old-age pensions should, over time, be increased to 34 per cent of the previous years Gross Average Industrial Earnings (GAIE).

Ultimately four illustrative options were selected by the Group. These were as follows:

(i) The 50 per cent average income threshold or poverty line

Based on the Living in Ireland Survey, the average weekly household equivalent income for 1998 was £187.23, giving a 50 per cent Relative Income Poverty Line of £93.62 in 1998 terms. As this is a net measure the Group decided to up-rate this figure using increases in Net Average Industrial Earnings (NAIE) yielding £128.15 in 2001.

(ii) 27 per cent of Gross Average Industrial Earnings¹

When existing relativities are preserved the Pension Board's target rate for old age pensions of 34 per cent of the previous year's GAIE produces a basic welfare (Supplementary Welfare Allowance) rate

1. Social Welfare payments have increased more in percentage terms than GAIE since 1987 but have increased less than NAIE. The difference between the gross and the net AIE reflects the impact of taxation changes in the latter. The NESC has pointed out that "this difference suggests that if a steady

of £93.10. This is equivalent to 27 per cent of the previous year's GAIE. This was estimated to be £101.00 for the lowest social welfare rate in 2001.

(iii) 30 per cent of Gross Average Industrial Earnings

The selection of this option by the Group was essentially arbitrary and designed to provide a balanced range of options for consideration. This was estimated to be £112.50 in 2001 terms.

(iv) Uprating the Commission on Social Welfare £60 rate

The Commission on Social Welfare, which reported in 1986, estimated the minimally adequate social welfare payment to be in the range of £50-£60 per week in 1985. The benchmark against which the adequacy of social welfare payments was judged up to 1999 was the floor of this range, that is £50 per week in 1985 prices and £71.80 in 1999 prices, and this was achieved in the 1999 Budget. Uprating the upper end of the range for inflation using the CPI yields £93.25 in 2001.

The Group's terms of reference did not require it to make a recommendation on the issue of what particular benchmark, if any, might be adopted by Government. While the Group did seek to explore the potential for achieving consensus on this issue, in the event, such a consensus was not achieved. Clear differences of approach amongst Group members emerged as to the future direction of policy in terms of setting social welfare rates, with some viewing the establishment of a formal benchmark as inappropriate and others taking the view that it was "fundamentally necessary, as of right, to establish a formal linkage between welfare rates and average earnings". The majority of the Group considered that "the target of 27 per cent of GAIE (on a current year basis) for the lowest social welfare payments was not an unreasonable policy objective" (82).

relationship is to be maintained with the disposable income of the general population a percentage of the NAIE rather than the GAIE should be used as a benchmark. This would have the advantage of a built-in mechanism for indexation over time (NESC, 1999:390).

Health Expenditure and Status

The second major policy objective of the Social Inclusion and Equality Operational Framework concerns the improvement of the health status of the population. This is one of the most widely discussed areas of public policy. However, it is important to consider the limitations and possible contradictory implications of several of the indicators that are widely cited in the media.

While there is widespread consensus that health status and health services are highly important elements of progress, the link between improvement in health status and health services is not straightforward and the matching of indicators with data creates considerable difficulties. For example, it is widely established that improvements in health status are strongly associated with improvements in living standards and that health status varies by social class in all developed countries for which data are available. This is borne out for the Irish context in the report on All-Ireland mortality data published in June 2001 (Balanda and Wilde, 2001). Three indicators of health status are outlined in this report: *Disability-Adjusted Life Expectancy* (HIII.4), *Infant Mortality* (C10), and *Life Expectancy at Birth, 40 and 65 for men and women* (C12). These are important indicators of the level of progress in every society but they are not amenable to short-term policy influences, and without a breakdown by socio-economic group they are seriously limited in terms of insight into the health status of the population. These are appropriate indicators of our health status comparatively, and as measures of progress over the medium- and long-term, but cannot be linked exclusively to progress in health-related initiatives over the period of the PPF. Bearing these caveats in mind and recognising the importance health status in benchmarking prosperity and fairness, Disability-Adjusted Life Expectancy is chosen as the most encompassing indicator of health status and a crucially important indicator of progress, prosperity and fairness.

Disability-Adjusted Life Expectancy (DALE), sometimes called Healthy Life Expectancy, is broadly defined by the World Health Organisation as "...the expectation of life lived in equivalent full health" (WHO, 2000). It is calculated on the basis of overall life

expectancy less years of ill health, which are weighted according to severity of the disability/illness. The measure takes into account physical and cognitive disability, general health status and major disabling conditions in each country.

DALE is an indicator of both the life expectancy and the long-term health of the population. It reflects the impact of health care and medicine, but also other factors including housing, education, occupational health and safety and environmental services. This measure of health status goes beyond the widely used life expectancy measure by recognising that not all life will be lived in good health. This is of particular relevance in developed countries, such as Ireland, where standard life expectancy is high, older populations are increasing and as a consequence disability/serious illness must be a key priority in terms of long-term health and health care. The key general limitation of this measure is the non-availability of a breakdown by socio-economic status. For the present exercise its key limitation is that it reflects changes over the longer term and in a wide range of social and economic policies. Consequently it is not an appropriate indicator of the impact of health policies over the life-time of the PPF. However, it is an appropriate summary measure to situate Ireland relative to other EU countries in terms of health status.

In addition to the two health status background indicator cited above, *Life Expectancy at Birth, 40 and 65 years for men and women* (C11) and *infant, neonatal and perinatal mortality rates* (C10), this measure is supplemented with two health expenditure measures: *Health expenditure as percentage of GNP* (Background Indicator: C12) and *Percentage of health expenditure on primary Community Care* (Background Indicator: C13) and one health service measure: *Numbers on Public In-Patient Waiting Lists* (Background Indicator: C14).

Cross-national comparisons of health expenditure are frequently used as summary statements on health systems, but health care spending can be misleading as a health service quantity and quality measure. It should be examined in the context of demands, as reflected by demographic composition of the population, indicators of the quality of care, health outcomes and health status.

Data difficulties and the potential for contradictory messages from indicators are illustrated by consideration of health expenditure in general, *Health expenditure as a percentage of GNP* (Background Indicator: C12), and sub-sections of this such as Community Care, *Percentage of health expenditure on primary Community Care* (Background Indicator: C13), and the now widely-discussed *Numbers on Public In-Patient Waiting Lists* (Background Indicator: C14).

Community Care has received considerable attention over the past several decades as a pivotal element in a health system committed to reducing hospital admission and stays and enhancing care in the community. Intuitively it would appear to be a key measure of progress in these objectives. However, there are significant problems relating to the classification of expenditure within the Community Care heading and competing pressures due to the range of objectives within the overall health expenditure package. In the Irish context the Community Care Programme includes the Community Protection, Community Health Services and Community Welfare Programmes. A listing of the benefits and services included in each of these sub-programmes is given in Appendix 2 (Background Indicator C13). It can legitimately be argued that the entire Community Welfare Programme covers social services rather than health services and should be excluded from the calculation of health expenditure. It is noteworthy that the decrease in expenditure on Community Care from 1995 to 1996 was due to the transfer of the Disabled Persons Maintenance Allowance to the Department of Social Community and Family Affairs. A further complication arises in that out-patient care is included under acute hospital services. In view of these difficulties, expenditure on Community Care as it is at present classified should be interpreted with caution in considering the stated commitment to Community Care. While recognising these difficulties it would be desirable to develop a streamlined measure of expenditure on primary/Community Care that would reflect increases in service quantity and quality facilitating care in the community.

The final background indicator is the *Number and Proportion of*

Children Waiting 6 Months or More and of Adults Waiting 12 Months or More for Targeted Public In-patient Specialities (C.14).

Duration spent waiting for specific procedures is an indicator of access to, and availability of, public health services. Time waiting for treatment is also one of the key aspects that shape people's experience of, and attitudes to, the health service. The reduction of in-patient waiting times for specific procedures to less than twelve months for adults and six months for children is the principal aim of the Irish Government's Waiting Lists Initiative (WLI), first introduced in 1993. This provides a policy context and ultimate goal for this indicator. Unfortunately, waiting lists and the duration spent on them have a number of drawbacks as indicators. For instance, there are no standard or accepted criteria for placing people on the waiting lists for particular procedures and therefore the lists do not reflect the variable level of need of patients. In addition, the reasons for people coming off the waiting lists also needs to be considered as some may choose to pursue private treatment, some may recover, and some may die. While these drawbacks do not render waiting lists valueless as an indicator, they signal the need for caution when using this information.

The competing pressures within the health services create problems for expenditure-based measures. First, increases in expenditure at any level may not be reflected in quantity or quality increases. Several factors can contribute to this phenomenon: since the health sector is highly labour-intensive, wage increases may increase costs, and medical inflation tends to be higher than general inflation. Second, changing relative shares within the overall package are difficult to evaluate. For example, initiatives to increase the quantity and quality of Community Care are undoubtedly associated with increasing expenditure but this must be balanced against the pressure of increases in hospital bed capacity which is reflected in waiting lists, as also is the proposed increases in consultant numbers. In view of these difficulties, these background indicators should be balanced one against the other, recognising that they may give mixed signals on progress and may reflect competing and contradictory demands.

6.2 Measuring Progress on Social Inclusion and Equality

Data on the four headline indicators to measure progress on social inclusion and equality are outlined in Table 6.1.

TABLE 6.1

Measuring Progress on Social Inclusion and Equality

Headline Indicators	1997	1998 or 2001
HIII.1 Proportion of Irish household in 'Consistent Poverty' – relative income poverty combined with basic deprivation measure (below 50% and 60% threshold)¹	7-10%	6-8% (1998)
HIII.2 Relative income poverty: Proportion of Irish households below 40% 50% and 60% of average income:		
40%:	6.3%	10.5% (1998)
50%:	22.4%	24.6% (1998)
60%:	34.3%	33.4% (1998)
HIII.3 Social welfare payments as % of adequacy benchmark:		
(i) Social welfare payments as % of 50% average income threshold or relative income poverty line:		
Old Age Contributory Pension (Under 80):	95%	92% (2001)
Old Age Non-Contributory Pension (Under 80):	82%	83% (2001)
Unemployment Benefit:	82%	74% (2001)
Unemployment Assistance (long-term):	82%	74% (2001)
One-parent Family Payment:	82%	74% (2001)
(ii) Social welfare payments as % of uprated Commission on Social Welfare £60 rate:		
Old Age Contributory Pensions:	103% (1999)	114% (2001)
Old Age Non-Contributory Pensions:	91% (1999)	102% (2001)
Unemployment Benefit and Long-term Social Assistance	85% (1999)	92% (2001)
HIII.4 Disability-Adjusted Life Expectancy²:		
At Birth, (EU rank):	N/A	69.6 (13) (1999)
Males at age 60:		13.9 (15) (1999)
Females at age 60:		16.6 (15) (1999)

Note: 1. This and the following indicator are based on equivalence scale: 1/0.66/0.33.

2. This provides a comparative assessment of overall health status, rather than a measure of progress on specific health-related measures over the period of the PPF.

Poverty and Inequality

The PPF puts considerable emphasis on the National Anti-Poverty Strategy (NAPS) in achieving its social inclusion objectives. That strategy was initiated in 1997 when *Consistent Poverty* was in the 7-10% range. The corresponding figures for 1998, which is the latest year for which figures are available, are 6-8 per cent. Due to the time-lag in data it emerged in 1998 that the initial targets for consistent poverty reduction, based on 1994 data, were already achieved before the Strategy commenced. Despite this, it is clear that progress on this indicator of poverty was uniformly positive throughout the 1990s. In Table 6.2 the regional breakdown in *Consistent Poverty*, based on the 60 per cent relative income line combined with deprivation, for the 1987 to 1997 period, is outlined. In line with the improvement in the national trend of a decrease in consistent poverty from 1994 to 1997 there was a decrease in all regions in this period, but there are still significant variations across regions. The rates are considerably above the national average in the North-East, the South-East, the North-West and Donegal and the South-West.

In contrast to consistent poverty there was an increase in relative income poverty for households, (HIII.2) at the 40 and 50 per cent relative income lines between 1997 and 1998 while there was a slight decrease at the 60 per cent line (Table 6.3).¹ The same pattern held for individuals although the rates were, with one exception, lower.

1. The last year for which comparable EU figures on income poverty are available is 1993. The European Community Household Panel for that year indicates that only Portugal at 25.2 per cent had higher income poverty at the 50 per cent of average income than Ireland at 21.6 per cent and that these two countries were equal in terms of the highest level of income poverty at the 60 per cent of average income, that is 32.9 per cent of the population.

TABLE 6.2

Proportion of Irish Households in Each Planning Region Experiencing Consistent Poverty at the 60 per cent Relative Income Poverty Line 1987, 1994 and 1997

	1987	1994	1997
East	13.6	13.6	8.9
South-West	16.3	13.0	11.1
South-East	16.9	18.3	13.4
North-East	20.6	12.8	14.0
Mid-West	19.7	13.4	7.3
Midlands	19.7	13.1	9.1
West	13.8	7.3	4.8
North-West and Donegal	22.9	23.5	11.5
State	16.4	14.9	9.8

Source: Fahey, T. and J. Williams 'The Spatial Distribution of Disadvantage in Ireland' in Nolan, B., P. J. O'Connell, and C.T. Whelan (eds.) (2000), *Bust to Boom: The Irish Experience of Growth and Inequality*, Dublin: Economic and Social Research Institute and Institute of Public Administration; and Nolan, B., C.T. Whelan and J. Williams (1998), *Where are Poor Households?*, Dublin: Oak Tree Press with the Combat Poverty Agency.

TABLE 6.3

Incidence of Poverty: Proportion of Households and People Below the 40%, 50% and 60% Relative Income Poverty Lines, 1994,1997 and 1998, Ireland¹

	1994	1997	1998
40% Line			
Households	4.8	6.3	10.5
People	5.2	6.3	8.1
50% Line			
Households	18.6	22.4	24.6
People	17.4	18.1	20.0
60% Line			
Households	34.1	34.3	33.4
People	30.4	30.1	28.6

Note: 1. Based on Equivalence Scale 1/0.66/0.33.

Appendix 1 presents relative poverty findings by household type, labour force status and planning region. It is noteworthy that with the exception of employees and the self-employed all other categories, including farmers, experienced an increase in the proportion of households in poverty at the 50 per cent relative income line between 1997 and 1998. This was also true of all planning regions with the exception of the South-West, Mid-West and Midlands. Several household types experienced an increase in the proportion of household in poverty at the 50 per cent relative income line. The increase was particularly marked for one-adult households of which over half were in poverty on this measure in 1998 as were almost 28.6 per cent of 'Others with children' which is composed mostly of single-parent households. The household types which experienced a decrease in the proportion in poverty were the two-adult households with children, the only exception being those with two children where there was a slight increase in the proportion in poverty.

Three means of assessing income inequality are presented in Appendix 2 (Indicator C.6). The first two are based on the proportion of disposable income (income from earnings plus social welfare, less income tax and social welfare contributions) accruing to the bottom and top deciles and quintiles of households and the ratio of these figures, the decile and quintile ratios. The third is the Gini Coefficient. The Gini Coefficient ranges from 0 to 1, where 0 indicates perfect equality and a score of 1 indicates complete inequality. The Gini Coefficient is a good summary measure of inequality throughout the income spectrum whereas the quintile ratio reflects inequality at the extremes of the income distribution.

As with the poverty data there is a significant time-lag in the income inequality data. The trend between 1994 and 1997 was for a slight increase in inequality at the extremes as reflected in the decile ratio, and a relatively static situation when the entire income spectrum is the focus. The overall level of inequality as reflected in the Gini Coefficient was substantially greater in Ireland than in the EU in 1994, the last year for which figures are available. Using the Eurostat figures, which are the appropriate figures for comparative purposes, inequality at the extremes was slightly lower in Ireland

than in the EU 13, that is excluding Finland and Sweden which tend to have low levels of inequality in disposable income and would reduce the EU average.

Social welfare adequacy benchmarks and social protection expenditure

There is no agreed social welfare payment adequacy benchmark. Four possible proxy indicators are outlined above. Table 6.1 summarises the position with regard to two of these options and further details are provided in Appendix 1. The uprated Commission on Social Welfare £60 rate yields a relatively positive picture, particularly for pensions. The other measure indicates a relative dis-improvement in the situation of social welfare payees in 2001 relative to earlier years. The difference in the pattern evident for the CSW and the other rate reflects the fact that the former is an absolute measure established in 1985 and uprated to the present. The other measure reflects increases in the general income standards over the past decade-and-a-half. The same pattern is evident for all measures: old-age contributory pensioners fare best, non-contributory pensioners do somewhat less well and people on unemployment benefit and long-term social assistance do least well. The relative advantage of the former groups is improved over time, particularly that of contributory old-age pensioners.

One of the background indicators, *Social Protection Expenditure as percentage of GNP* (Appendix 2: C5), attempts to establish Ireland's comparative situation in the area of social provision for income adequacy. In principle, social protection accounts for EU comparison should bring together receipts and expenditure of all public and privately-financed schemes considered to provide social benefits. In practice, in the case of Ireland, it has not been possible to compile comprehensive information in two important areas:

- privately-funded pension schemes; and
- wages and salaries paid by employers when employees are absent due to sickness.

This has to be borne in mind in any comparisons with data for other countries (CSO, 2000). Even taking these factors into account it is

unlikely that Ireland's position in terms of total expenditure would change significantly relative to its EU partners.

TABLE 6.4

Expenditure on Social Protection as a Percentage of GDP – GNP for Ireland

Country	1990	1997	1998
Ireland (GNP) ¹	21.0	19.3	18.1
Ireland % of GDP	18.4	17.2	16.1
Denmark	28.7	30.5	30.0
Netherlands	32.4	29.4	28.5
UK	22.9	27.3	26.8
EU	25.4	28.1	27.7

Source: Eurostat, (1998, 1999a), *Social Protection, Expenditure and Receipts*, Table B1.1 and *Social Protection in the EU in 1998*, News Release, No. 134/2000. GNP Figures for Ireland from: Central Statistics Office (2000), *National Income and Expenditure 1999*, Tables 5 and 29.

Note: 1. As outlined in Chapter 2, Section 2.3, Ireland is unique amongst EU countries in having a substantial difference between GDP and GNP. In 1995 GNP was 12 per cent less than GDP, and in 2000, GNP was 16 per cent less than GDP. Since GNP represents the resources available for redistribution it is the appropriate base for measuring effort on Social Protection. In recognition of the fact that EU, OECD, ILO and UN publications use the standard GDP base for expenditure comparisons for all countries including Ireland, the relevant GDP figures are presented below:

Ireland	1990	1997	1998
% of GDP	18.4	17.2	16.1

In 1998, the latest year for which figures are available, Ireland's expenditure as a percentage of GNP was dramatically lower than the EU average and only Portugal, Spain and Greece approximate the Irish figure (Table 6.4). But Ireland differs from other EU countries in an important respect which influences its social expenditure. Ireland's low social expenditure is due partly to its low old-age dependency (Table 6.5) and associated relatively low

expenditure on old-age and survivors benefits – over four per cent of GNP compared to over twelve per cent in the EU15 in 1997 and 1998. The exclusion of this category of expenditure still leaves Irish expenditure below the EU average, but exceeding Spain, Italy, Greece and Portugal when Irish expenditure is calculated as a percentage of GNP (Table 6.6).

TABLE 6.5
Age Dependency Ratios: EU Countries 1999

Country	Young Dependency (0-14)	Old age Dependency (65 and over)	Total Age Dependency
EU 15	25.4	24.0	49.4
Netherlands	27.2	19.9	47.1
Denmark	27.2	22.2	49.4
Ireland	33.5	17.0	50.4
United Kingdom	29.4	24.0	53.4

Source: Eurostat (2000), European Social Statistics Demography, 2000 Edition.

Health Status

Based on 1999 data, Ireland ranked thirteenth of the fifteen EU countries (Denmark and Portugal rank fourteenth and fifteenth) by the WHO in terms of *Disability-Adjusted Life Expectancy* (DALE) of the total population at birth. Its rank is fifteenth for both males and females at age sixty. While the range of years of foregone life relative to the best-performing EU countries, France and Sweden, is less than four years, for the population measure it is over five years

TABLE 6.6

European Union Countries: Social Protection Expenditure as a Percentage of GDP – GNP for Ireland – including and excluding Expenditure on Old Age and Survivors 1997 and 1998

Country	1997 Total Social Protection Expenditure	1997 Excluding Expenditure on old age and survivors	1998 Total Social Protection Expenditure	1998 Excluding Expenditure on old age and survivors
EU 15	28.1	15.4	27.7	15.0
Netherlands	29.4	18.3	28.5	16.8
Denmark	30.5	18.5	30.0	18.5

Source: Eurostat (1998) *Statistics in Focus: Population and Social Conditions – Social Protection in Europe* (3/2000 and 15/2000).

Note: 1. See note 1 to Table 6.4 re GNP and GDP. The corresponding GDP figures for the above table are as follows:

Ireland	1997	1997	1998	1998
% of GDP	17.2	12.9	16.1	12.1

for females at birth and at age sixty (Table 6.7). While the gender advantage for females evident in the life expectancy rates persists into the disability-adjusted rates, the relative advantage is less than in other EU countries. In view of the convergence of Ireland to the EU average in living standards, reflected in GNP and GDP per capita, Ireland should converge over time in DALE. Failure to move in this direction should give rise to policy action. It is noteworthy that significant improvements since 1968 to 1999 in infant, neonatal and perinatal mortality are evident and the improvements continued throughout the 1990s. Despite this, the Irish rates for infant and perinatal mortality continued to be higher than the EU averages in 1997 but the provisional neonatal comparable figures were slightly lower than the EU average in 1997 (Appendix 2: Background Indicator C10).

TABLE 6.7

**Life Expectancy and Disability
Adjusted Life Expectancy (DALE) in Years, EU Countries, 1999**

Country	Life Expectancy at Birth		Disability Adjusted Life Expectancy (DALE)					
	Male	Female	WHO Rank ¹ (191 Countries)	Total Population at Birth	Males at Birth	Males at Age 60 years	Females at Birth	Females at Age 60 Years
France	74.9	83.6	3	73.1	69.3	16.8	76.9	21.7
Sweden	77.1	81.9	4	73.0	71.2	16.8	74.9	19.6
Spain	75.3	82.1	5	72.8	69.8	16.8	75.7	20.1
Italy	75.4	82.1	6	72.7	70.0	16.2	75.4	19.9
Greece	75.5	80.5	7	72.5	70.5	16.9	74.6	18.8
Netherlands	75.0	81.1	13	72.0	69.6	15.4	74.4	19.7
UK	74.7	79.7	14	71.7	69.7	15.7	73.7	18.6
Belgium	74.5	81.3	16	71.6	68.7	15.8	74.6	19.6
Austria	74.4	80.0	17	71.6	68.8	15.2	74.4	18.7
Luxembourg	74.5	81.4	18	71.1	68.0	15.8	74.2	19.7
Finland	73.4	80.7	20	70.5	67.2	14.5	73.7	18.5
Germany	73.7	80.1	22	70.4	67.4	14.3	73.5	18.5
Ireland	73.3	78.3	27	69.6	67.5	13.9	71.7	16.6
Denmark	72.9	78.1	28	69.4	67.2	14.2	71.5	17.2
Portugal	72.0	79.5	29	69.3	65.9	14.0	72.7	17.7

Source: World Health Organisation (2000) *The World Health Report 2000 Health Systems: Improving Performance*. Geneva and Washington: WHO.

Note: 1. Rank refers to the Disability-Adjusted Life Expectancy of the total population at birth.

While 1999 is the first year for which DALE are available, it is anticipated that they will be available on an ongoing basis. This indicator cannot be exclusively linked to health services, although they form part of the mix of living standards which, together with lifestyle choices, result in this outcome measure. Despite the complexity involved in making causal connection in health status

measures, it is of crucial importance that they be monitored on a regular basis and that the 1999 benchmark be used as a benchmark against which progress is measured. It is of course important that socio-economic group differences be borne in mind and that data that would allow their measurement be made available as soon as possible.

As outlined above, five background health indicators and associated data are outlined in Appendix 2. Because of its salience in discussions of the health service the health expenditure measure is briefly considered here.

As with social protection expenditure the appropriate base for calculation of health effort in Ireland is GNP (see *Social Protection Expenditure* above and Chapter 2, Section 2.3). *Public health expenditure* consists of current and capital spending from Government (central and local budgets), external borrowings and grants and social or compulsory health insurance funds. *Private health expenditure* includes direct household spending, private insurance, charitable donations and direct service payments by private corporations.

Data are available from the OECD Health Database up to 1998 and these are used for comparative purposes in Table 6.8. Data for Ireland are available from the Department of Health and Children, in their publication, *Health Statistics*, but the latest published figures relate to 1996 and were published in 1999 (Table 6.9). The public health expenditure figures are available for 1998 and 2000.

The trend in expenditure from the two sources is the same: an increase from 1990 to 1996. The Irish health/GDP figures are consistently higher than the OECD figures. This may be due to the fact that Irish health expenditure data include payments made to various persons and for various services under the Community Welfare Programme. These are most likely excluded by the OECD in its classification of health expenditure. The 1998 OECD figures indicate a decrease in the percentage of GNP spent on health. These figures indicate that Irish expenditure as a percentage of GNP is consistently lower than that of Denmark and the Netherlands. But this must be interpreted within the context of the marked increase in

GNP in Ireland since the mid-1990s, the associated real increases in health expenditure, and the demographic structure of the population. As outlined in Table 6.5, Ireland has relatively low old-age dependency. This means that the relatively high and more expensive demands on the health services made by older people are relatively less in Ireland than in other EU countries.

TABLE 6.8

**Health Expenditure in Comparative Context
Ireland percentage of GNP, other EU percentage of GDP¹**

Total Expenditure	1990	1996	1998
<i>Ireland % GNP</i>	7.5	8.2	7.4
<i>Ireland % GDP</i>	7.0	7.2	6.4
Denmark	8.4	8.3	8.3
Netherlands	8.8	8.8	8.6
UK	6.0	7.0	6.7
Public Expenditure	1990	1996	1998
Ireland % GNP	5.4	5.2	4.8
Denmark	6.9	6.8	6.8
Netherlands	6.1	6.0	6.0
UK	5.0	5.9	5.6
Private Expenditure	1990	1996	1998
Ireland % GNP	2.1	2.0	1.5
Denmark	1.5	1.5	1.6
Netherlands	2.7	2.8	2.5
UK	1.0	1.1	1.1

Source: OECD Health Database, OECD, 2000.

Note: 1. As outlined in Chapter 2, Section 2.3, Ireland is unique amongst EU countries in having a substantial difference between GDP and GNP. In 1995 GNP was 12 per cent less than GDP, in 2000, GNP was 16 per cent less than GDP. Since GNP represents the resources available for redistribution it is the appropriate base for measuring effort on health. In recognition of the fact that EU, OECD, ILO and UN publications use the standard GDP base for expenditure comparisons for all countries including Ireland, the relevant GDP figures for total expenditure are presented below:

Total Expenditure	1990	1996	1998
Ireland % GDP	7.0	7.2	6.4

TABLE 6.9

Estimated Overall Health Expenditure as a Percentage of GNP and GDP – Ireland 1990-2000¹

	1990	1994	1996	1998	2000
<i>Total Expenditure</i>	2058.8 £m	2909.7 £m	3272.9 £m	N/A	N/A
As % of GDP					
– Total public	5.4	6.2	5.6	5.4	5.5
– Total private	1.8	1.8	1.7	N/A	N/A
Total	7.2	8.0	7.2	N/A	N/A
As % of GNP					
– Total Public	6.1	6.9	6.3	6.1	6.5
– Total Private	2.0	2.0	1.9	2.0 ^e	2.0 ^e
Total	8.0	8.8	8.2	8.1^e	8.1^e

Source: Department of Health and Children (1999) *Health Statistics 1999*, Table L6 and updates for 1998 and 2000.

Note: 1. This includes Total Public Non-Capital and Capital Expenditure and Total Private Expenditure.

e. Private component for 1998 and 2000 estimated.

Cross-national comparisons of health systems can inform health policy and the breakdown between public and private provides an indication of the distribution of the financial burden of health care. But, as outlined in the previous section, indicators of health care spending can be misleading and should be examined in the context of indicators on the quality of care, outcomes and health status.

6.3 SUMMARY

Four indicators to measure progress on social inclusion and equality are identified in Table 6.1. Despite this, establishing benchmarks against which progress can be measured is hampered by the consistent time-lags in data availability or the absence of agreed measures of particular indicators. The most recent year for which poverty data are available is 1998. The two headline indicators, *proportion of households in ‘consistent poverty’ and in relative*

income poverty, are measured by data from the Living in Ireland Survey. The third indicator, *social welfare payments as a percentage of an adequacy benchmark*, was acknowledged in the PPF as desirable. However, there is no agreement on the measure of the adequacy benchmark. Four interim measures are outlined, and data on each are available for 2001. *Disability-adjusted life expectancy* is benchmarked for 1999, which is adequate because of the nature of the measure. The limitation in this instance is the absence of disaggregation by socio-economic group.

Clear trends in poverty can be ascertained from the early 1990s to 1998. *Consistent poverty*, which is the overarching objective of the National Anti-Poverty Strategy, has been progressively reduced since 1994. Consistent poverty refers to disposable income below 50 or 60 per cent of average income combined with enforced lack of certain basic necessities. On the other hand *relative income poverty* at the 50 per cent level increased consistently over the period while at the 60 per cent level it fluctuated around the same level. It may be argued that in a situation of increasing average incomes an increase in income inequality at the extremes is not surprising. This interpretation must be tempered by the recognition that in the early 1990s figures Ireland had relatively high income poverty and income inequality within the EU context. There is no agreed adequacy benchmark for social welfare payments. The proxy used indicates a decrease in adequacy relative to the 50 per cent average income threshold between 1997 and 1998 despite an increase in rates. In 1999 Ireland ranked thirteenth in the EU on *disability-adjusted life expectancy* at birth and fifteenth in the EU on this measure at age sixty for men and women. This is the first year for which figures are available. This poor performance points to the need for continuing monitoring and policy action if the performance does not improve.

CHAPTER 7

ENSURING SUCCESSFUL ADAPTATION TO CONTINUING CHANGE

Operational Framework IV of the PPF covers a relatively diverse range of issues, each of which is identified as one of the six policy objectives to ensure successful adaptation to continuing change:

- IV.1 Create a framework to facilitate lifelong learning;
- IV.2 Create a society in which access to the labour market is open to all;
- IV.3 Develop childcare of high quality and family-friendly policies;
- IV.4 Create a framework for the further development of the Information Society;
- IV.5. Promote Ireland's role in the international community; and
- IV.6 Promote North/South Partnership.

7.1 INDICATORS

With the exception of the promotion of North/South Partnership, which is primarily dependent on institutional development and is the responsibility of the North/South bodies, each of the objectives outlined above is linked to a quantitative headline indicator. The first four of these are supplemented with background indicators.

Continuing Education and Training

The first headline indicator, HIV.1 *Percentage of the 25-44 and 45-64 age groups in continuing education and training* is directed to measuring progress on a significant aspect of lifelong learning. As the Council pointed out in its last Strategy (NESC, 1999), a vibrant lifelong learning infrastructure is essential for successful adaptation to continuing change. Lifelong learning is of course not confined to continuing education and training – it refers to learning throughout

the entire lifespan. The OECD measure of continuing education and training takes an encompassing view. Consistent with this education and training may include in-company training, private tuition, correspondence courses or distance learning, community education, etc. This measure may relate specifically to job-related training, to recreational interests or personal development. It does not include education within the formal school system. Consequently, adults returning to secondary school to undertake the Leaving Certificate are not included here.

Participation in adult education and training that is job-related has a key role to play in maintaining human capital and improving productivity. With the growth of technology, the importance of encouraging workers to constantly upgrade their skills has become increasingly important. However, adult education and training that is not job-specific but related to personal development also has a key role to play in developing human capital, an adaptable workforce with a capacity to learn and change, and an active citizenry.

Cross-national data are available in the OECD's *Education at a Glance*, 2000 (Table C1.4). Although this is an annual publication, the data used in both the 1998 and 2000 editions refer to 1994/1995 data collected as part of the International Adult Literacy Survey, which has not been replicated. Although information is available on a country-by-country basis, no information is provided for the participating countries as a whole and therefore there is no readily available EU-level comparator.

Although there is no current source of information on adult and continuing education in Ireland, this is an area where the potential for new data exists. The CSO is currently reconsidering and redesigning the education question to be included in the Quarterly National Household Survey. In addition, it will include a Eurostat module on lifelong learning in the Quarter 2, 2003 QNHS. This is likely to be replicated every few years.

Recognising the importance of continuing education and training in facilitating adaptation to change, the Council recommends:

- that the education question currently under consideration for the QNHS be modified to include adult and continuing education.

The Council appreciates the space constraints on the QNHS but believes that the importance of lifelong learning warrants its inclusion.

This measure of continuing education and training is supplemented with four background educational indicators (Table 3.2 column B: B (iii) Education). These background indicators are selected to establish the context within which provision of, and participation in, lifelong learning must be understood: *Percentage of the population (25-64) that has attained at least upper second-level education and subgroups within this* (B.6); *Percentage of Adults at each literacy level – prose, document and quantitative* (B.7); *Second level education completion status* (B.8); and *Net enrollment in tertiary education* (B.9).

Employment Rates

The second policy objective directed to achieving adaptation to continuing change is the creation of a society in which access to the labour market is open to all. The *Employment rate for men and women* (HIV.2) is a summary indicator of openness of access to the labour market – the higher the employment rate for subgroups, such as women, the better the access. The two bases of disaggregation used here are gender and region.

The employment rate for Ireland is usually calculated on the basis of the ratio of the number of people in employment (ILO definition) and the population aged fifteen years and over. This differs from the employment rate used in international publications, which refers to those aged fifteen to sixty-four years in employment (broadly between the end of compulsory education and compulsory retirement). The cross-national data are used here for the overall employment rate and the gender breakdown. The figures provided are taken from the annual OECD publication, *Employment Outlook*, June 2000 (Statistical Annex, Tables B and C). The regional breakdown (NUTS 2 and NUTS 3) is based on CSO unpublished data.

The Employment rate for men and women should be considered within the context of the background labour market indicator on part-time employment (Appendix 2: B3), the headline childcare

indicator (HIV.3), and the background indicators on family-friendly policies (Appendix 2: B4 and B5).

Childcare

The PPF makes a commitment to develop childcare of high quality supported by family-friendly policies. There are few data available at a central level on childcare in Ireland. A range of Government departments is involved in supporting the provision of childcare and responsible for the collation of information on various provisions and initiatives. Little is known about the number of pre-school places that are available in community and private facilities and even less about after-school provision. Following the introduction of notification regulations in 1996, the Department of Justice, Equality and Law Reform undertook the creation of a Childcare Census and Database in 1997/1998. This includes data on employer, community and private pre-school service providers who had notified the Health Boards of their services but excludes Government programmes which provide a mixture of childcare and early education, such as Early Start. These data are available on a county-by-county basis in locations such as county libraries. A National report on the findings is being prepared by the Area Development Management Ltd. and should be available in mid-2002.

In view of the importance of childcare for social and economic inclusion and its increasing policy relevance, the Council believes that it is essential that data adequate to facilitate evidence based planning and provision be collected on a timely basis. This should include the evidence on the costs of childcare to families. Data issues are currently being considered by the Inter-Departmental Synergies Committee on Childcare, which is chaired by the Department of Justice, Equality and Law Reform.

This indicator should be considered within the context of the two family-friendly policies background indicators in Table 3.2 and Appendix 2: *Percentage of workers in enterprises adopting family-friendly policies such as job sharing, work-sharing, part-time work, flexi-time, flexi-place/teleworking, term-time working* (B4) and *Employment Rate for women 20-49 with and without pre-school*

children (B5) and the part-time employment labour market indicator (Table 3.2 and Appendix 2, Background Indicator: B.3).

Information Society

The fourth indicator of adaptation to continuing change is the *Percentage of workers in the ICT sector* (HIV.4). This gives an indication of the ICT intensity of the economy. The Information Society Commission published its report *Benchmarking Ireland in the Information Society* in May 2000. Its objective was to identify the most appropriate set of indicators to facilitate the measurement of Ireland's progress in developing the Information Society. This is one of the indicators it used, but the latest data are for 1997. The Information Society Commission ended its period in office in December 2000. Proposals for a new Information Society Commission are under consideration by the Government. It is not clear if the proposed body will have responsibility for collecting information but it does seem likely that it will advise on the most appropriate data.

This indicator is supplemented with four indicators relating to the Information Society in Table 3.2 and Appendix 2: *Percentage of ICT related exports* (A16), *Internet users and on-line hosts per 1000 population* (A17), *Percentage of schools linked to high speed networks* (A18), and *IT graduates as a percentage of all graduates* (A19). These form part of the context within which this headline indicator should be considered. In addition, the National Competitiveness Council in its Annual Competitiveness Report provides a considerable amount of information under a range of headings relevant to the creation of a framework for the development of the Information Society.

Overseas Development Aid

An important element of Ireland's adaptation to change is the promotion of its role in the international community. A significant measure of its commitment in this area is reflected in the fifth headline indicator, *Official Development Aid (ODA) as a percentage of GNP*. Ireland has long aspired to reaching its UN commitment of 0.7 per cent of GNP.

7.2 MEASURING ADAPTATION TO CONTINUING CHANGE

Data on the five headline indicators for measuring adaptation to continuing change are provided in Table 7.1. With the exception of Official Development Assistance (ODA) as a percentage of GNP and the employment rate for men and women, the data situation in relation to the proposed indicators is very poor. Essential data are either not available or are very dated.

TABLE 7.1
Measuring Adaptation to Continuing Change

Headline Indicators	1997	2000
HIV.1 Percentage of 25-44 and 45-64 age groups in continuing education and training	N/A	N/A
HIV.2 Employment rate: Male: Female:	67.6 44.6	73.5 (1999) 51.3 (1999)
HIV.3 Percentage of 0-4 and 5-9 year olds in registered childcare and/or education	N/A	N/A
HIV.4 Percentage of workers in the ICT Sector	4.6	N/A
HIV.5 Overseas Development Aid as % of GNP per annum	0.31	0.35

Note: N/A: not available.

The percentage of adults aged 25 to 44 and 45 to 64 in continuing education or training over a given period of time is a crucial indicator of the commitment to lifelong learning. Unfortunately, the latest data are for 1994-1995 from the OECD Adult Literacy Survey. It is not possible to establish trends over time but the 1994-1995 data outlined in Appendix 1 (HIV.1) indicate that Ireland fared extraordinarily poorly relative to the Netherlands and the UK at that stage. Considering participation in continuing education and training within the context of the background education indicators illustrates that there is a considerable need for such education and training. While the *percentage of the population (25-64) that has attained at least upper second-level education and subgroups within*

this (B.6) has improved over time, Ireland's performance is still considerably lower than most of our EU partners; only Spain, Portugal, Greece and Italy have lower attainment levels. Although Irish performance for the 25-34 age-group has improved considerably over the 1990s (Appendix 2: B.6), the *second level education completion status* (B.8) figures for 1999 indicate that only 82 per cent of the junior cycle entry cohort completed their second level education at the upper level and that over 3 per cent left with no qualification. It is noteworthy that the situation is worse for males than for females and that social class differences are marked. These figures give considerable cause for concern but the most marked problem is the current educational status of the *percentage of adults at each literacy level – prose, document and quantitative* (B.7). The data are from the International Adult Literacy Survey, conducted in the 1994-1996 period. Between 23 and 25 per cent of the Irish population aged 16-65 performed at Level 1 and a further 28 to 32 per cent at Level 2 in the prose, document and quantitative literacy. Performance at Level 3 is considered desirable in order to avoid difficulties in coping with social and economic life in contemporary society. Only the UK Level 1 performance comes close the Irish one. In contrast to Ireland's relatively poor performance on these indicators, its performance on *net enrolment in tertiary education* (B.9) is positive comparatively and in the trend of increasing participation over time. Ireland ranks fourth of the eleven EU countries for which data are available and sixth of twenty-four OECD countries. However, as with the completion rates there are marked socio-economic differences in participation ratios for both males and females. Participation in tertiary education does not obviate the need for continuing education and training in the current economic context although it does mean that access is considerably easier than for someone with a lower education level and particularly with literacy difficulties. This is borne out strongly in the data on job-related training in Ireland, which indicates that less than 9 per cent of those with lower second level education or less receive job-related training, compared to 19 per cent of those with upper secondary education and 34 per cent of those with tertiary education

(O’Connell, 1999). In summary, the very limited and dated information available on participation in continuing education and training gives considerable cause for concern and points to the urgency of adequate data to facilitate evidence-based decision making in this area. The proposal made above relating to a question in the Quarterly National Household Survey is an essential first step.

In contrast to continuing education and training, the second policy objective directed to achieving adaptation to continuing change, the *Employment rate for men and women* (HIV.2), presents a relatively positive picture both in data availability and in the trend in performance (Table 7.1). The employment rate has increased consistently between 1990 and 1999 and the increase was marked between 1997 and 1999 (Tables 7.2). This pattern held for men and women and the increase was very considerable for women. The overall employment rate was just marginally below the EU average in 2000 although considerably below the rates for Denmark, the Netherlands and the UK, and this was particularly evident for women.

TABLE 7.2
Employment Rates by Gender, ILO Classification (15-64 years)

	Men			Women			Total		
	1990	1997	1999	1990	1997	1999	1990	1997	1999
Ireland	67.8	67.6	73.5	36.6	44.6	51.3	52.3	56.1	62.5
Denmark	80.1	81.3	81.2	70.6	69.4	71.6	75.4	75.4	76.5
Netherlands	75.2	77.9	80.3	46.7	56.9	61.3	61.1	67.5	70.9
UK¹	82.1	77.4	78.4	64.0	67.1	67.6	72.4	70.8	71.7
EU 15	74.7	70.4	72.0	48.7	50.7	53.1	61.6	60.6	62.6

Source: OECD (2000), *Employment Outlook*, June 2000, Statistical Annex, Tables B & C.

Note: 1. Age group 15-64 refers to 16-64 in the case of the UK.

As with the overall rate and the rates for men and women, the employment rate increased in all regions between 1990 and 1997 and 1997 and 2000 (Table 7.3). There is still considerable leeway to be made up before the BMW rate reaches the national average. This

is reflected in each of its planning regions but particularly in Border and Midland regions.

TABLE 7.3
Employment Rates (ILO) for Persons aged 15 years or over classified by
Region
(NUTS3 and NUTS2)

	LFS 1990	LFS 1997	Q2 2000
NUTS3 Regions			
Border	42.2	45.9	50.5
Dublin	47.0	51.1	60.5
Mid-East	45.8	52.8	60.1
Midland	45.7	49.8	52.8
Mid-West	45.2	47.2	56.3
South-East	44.5	46.7	53.5
South-West	44.1	47.7	54.3
West	47.6	48.2	55.0
NUTS2 Regions			
Border, Midland and Western	44.9	47.6	52.7
Southern and Eastern	45.7	49.5	57.7
State	45.5	49.0	56.4

Source: Central Statistics Office, *Labour Force Surveys* April 1990 and 1997 and *Quarterly National Household Surveys* Q2 (Mar-May) 2000.

The employment rate for men and women has different consequences depending on whether it is full or part-time (Appendix 2: B3) and each of these is influenced by availability of childcare (HIV.3) and the extent of family-friendly policies (Appendix 2: B4 and B5). It is noteworthy that part-time employment as a percentage of the labour force and as a percentage of men's and women's employment, increased over the 1990-1999 period in line with the increase in the employment rate. The increase was particularly marked for women and by 1999 both rates were above their

respective EU averages although lower than the UK rates. Almost 32 per cent of women in employment in 1999 were part-time compared to 8 per cent of men. As noted in the previous section there are no national level data on child care provision. What information is available indicates that despite extensive consultation on childcare provision over the past decade, demand exceeds supply and that costs are high relative to other EU countries (NESC, 1999: 287-300; Goodbody Economic Consultants, 1988). Childcare is increasingly recognised as a significant barrier to labour force participation for women and the absence of acceptable childcare provision probably contributes to the relatively high rate of part-time work.¹ The widespread use of informal child care arrangements identified in the Goodbody Economic Consultants study (1998) is more conducive to part-time work than is formal provision.

As with childcare there are no data on a national basis available on family-friendly practices. *Percentage of workers in enterprises adopting family-friendly practices, such as job sharing, work-sharing, part-time work, flexi-time, flexiplace/teleworking, term-time working* (Appendix 2: B.4). Under the Programme for Prosperity and Fairness the Government and Social Partners agreed that a National Framework for Family-Friendly Policies should be established to support family-friendly policies at the level of enterprise. IBEC, Public Sector employers and the ICTU agreed to undertake a number of actions within the framework (p.44). A National Family-Friendly Framework Committee was charged with the task of implementing this agreement. The Committee is comprised of representatives of IBEC, Public Sector employers and the ICTU and chaired by the Department of Enterprise, Trade and Employment. The Committee is currently examining how the situation with regard to the numbers of enterprises adopting family-friendly practices can be monitored.

1. Goodbody Economic Consultants (1998) in their study for the Partnership 2000 Expert Working Group on Childcare, estimated that demand for childcare in Ireland could increase by 25 to 50 per cent in the period from the late 1990s to 2011. This estimate assumed a 37 per cent increase in the female labour force participation rate, a halving of the ratio of part-time to full-time employed workers and a doubling of take-up of childcare by women on home duties.

TABLE 7.4

Employment rates for men and women aged 20 to 44 with and without a child aged 0-5, EU 12

	Comparative Index	Men No children	Women No children	Men Child aged 0-5	Women Child aged 0-5
Ireland	1.9	81	81	87	46
Germany	1.8	83	83	90	49
Luxembourg	1.8	93	84	98	49
UK	1.7	85	87	90	53
Spain	1.7	88	67	90	40
Netherlands	1.6	88	86	95	60
Italy	1.6	91	68	92	45
France	1.5	79	72	91	56
Greece	1.5	82	60	96	48
Austria	1.3	89	85	94	68
Belgium	1.2	87	77	92	66
Portugal	1.2	92	83	96	72
EU 11	1.7	84	79	91	52

Source: Central Statistics Office (1997), Labour Force Survey 1997, Table 3.

The likely influence of the low level of childcare provision and family-friendly practices upon the employment rate is suggested by the data on *employment rates for men and women aged 20-44 with and without a child aged 0-5* (Appendix 2: B5). Analysis of data from the European Labour Force Survey indicates that the presence of a child in the household markedly reduces women's employment rates while increasing those of men. A comparative index was constructed that compares employment rates for men and women without children and with a child of 0-5 years. The closer the value of the index to one the more similar is the impact of parenthood on the employment rates of women and men (Table 7.4). Ireland, Germany and Luxembourg scored highest, that is worst, on the

index (European Commission, 1999). In interpreting this table it is important to bear in mind that the mid-range scores for Spain, Italy and Greece are due to the fact that they have exceptionally low employment rates for women without children.

The latest year for which data are available on the percentage of workers in the ICT sector is 1997 at which stage Ireland performed well relative to its EU partners (Table 7.5). A similar pattern is evident in relation to the background Information Society indicators: *Percentage of information and communication technology-related exports* (Appendix 2: A16, data for 1998) and the trend is positive in relation to the *Number of Internet users per 1,000 population* although use is low relative to several of our EU partners (Appendix 2: A.17).

TABLE 7.5

Percentage of the Workforce in the ICT Sector

	1996	1997
Ireland	–	4.6
Denmark	3.8	5.1
Netherlands	–	3.8
UK	3.8	3.8

Source: Information Society Commission (2000) *Update on Benchmarking Ireland as an Information Society*, September 2000. OECD (2000) *Measuring the IT Sector*, Paris: OECD 2000.

The education system is crucial to the development of the Information Society in Ireland. This is recognised by the eEurope 2002 Action Plan under which member states commit themselves to:

- provide all schools and students with convenient access to the Internet and multi-media resources (where appropriate using Structural Funds) – deadline end 2001;
- provide training, where appropriate to all teachers – deadline end 2002;

- adapt school curricula to enable new ways of learning, using information and communication technologies – deadline end 2002; and
- ensure that all pupils have the possibility to be digitally literate by the time they leave school – deadline end 2002.

By 2000 considerable progress was evident in the provision of computers in Irish schools and the trend in Internet access particularly at the post-primary level (Appendix 2: A.18 *percentage of schools linked to high-speed networks*).

TABLE 7.6

Official Development Assistance as a Percentage of GNP (ESA 79)

	Percentage of GNP		
	1986/87	1997	1999
Ireland	0.23%	0.31%	0.31%
Denmark	0.88%	0.97%	1.01%
Netherlands	0.99%	0.81%	0.79%
UK	0.29%	0.26%	0.23%

Source: ESA 79 data taken from the UN *Human Development Report 2000*: Table 14. with the exception of the 1999 figure for Ireland, which is supplied by the Department of Foreign Affairs.

The final indicator relating to Ireland’s adaptation to change is *Overseas Development Aid as a percentage of GNP* (HIV.5). This reflects a recognition that Ireland’s role in the international community includes contributing materially towards the development of the international community as a whole. Ireland has long aspired to reaching its UN commitment of 0.7 per cent of GNP in *Overseas Development Aid* (HIV.5). Now that the fruits of development are being realised in Ireland this commitment should also be realised. In 1999 Ireland’s ODA reached 0.31 per cent of GNP. This compares unfavourably with several of the smaller EU countries (Table 7.6): Denmark, the Netherlands, Sweden and Luxembourg which are the only EU countries to have reached the 0.7 per cent

target by 1999. Only these countries and France disbursed higher assistance than Ireland in 1999. In 2000, Ireland's aid reached 0.35 per cent of GNP (Department of Foreign Affairs). The Irish Government has reiterated its objective of achieving the 0.7 per cent target by 2007.

Summary

Five indicators to measure adaptation to continuing change are identified in Table 7.1. However, the necessary data to benchmark progress are available for only two of these: the *employment rate for men and women* and *overseas development aid as a percentage of GNP*. The most recent data for percentage of workers in the ICT sector are for 1997. For *participation in continuing education and training*, the only data are for 1995 and there are currently no collated national data on the *percentage of 0-4 and 5-9 year olds in registered childcare*.

The trend in the employment rate throughout the 1990s was an increasing one, particularly for women. By 1999 the overall rate was just marginally below the EU average although considerably below of some of our EU partners, particularly for women. As pointed out above national data on percentage of children in registered childcare are not available but the indications are that the level of supply is not adequate to meet demand. This together with the low level of family-friendly practices is undoubtedly associated with the lower employment rate for women, particularly women with children aged 0-5. It is noteworthy that the increase in the employment rate over the 1990s was accompanied by a considerable increase in part-time work particularly for women. This is undoubtedly associated with the low level of registered childcare.

Data on the percentage of workers in the ICT sector date from 1997 when Ireland was performing relatively well compared to some of our EU partners. The data on the Information Society background indicators demonstrate a positive trend but data for 2000 is available for only one of these indicators – the percentage of schools linked to high speed networks.

The very limited and dated information available on participation in continuing education and training gives considerable cause for concern, particularly when considered in the context of the associated background education indicators. The proposal made relating to a question on such participation in the Quarterly National Household Survey is an essential first step towards facilitating evidence-based decision making in this area.

Ireland's overseas development aid as a percentage of GNP increased marginally between 1999 and 2000. While it is recognised that the absolute contribution has increased significantly over the past few years due to the growth in GNP, by 2000 Ireland had only come half-way towards meeting its UN commitment in this area.

In conclusion, benchmarking Ireland's commitment to ensuring successful adaptation to continuing change is severely limited due to data deficiencies.

Part III

**Monitoring Progress on
Policy Objectives**

CHAPTER 8

MONITORING PROGRESS ON THE PROGRAMME FOR PROSPERITY AND FAIRNESS

SUMMARY AND CONCLUSIONS

The Council commented on the successful performance of the Irish economy in its last Strategy document (NESC, 1999) and here reiterates its view that it is essential that the conditions for the continuity of this success be maintained. However, it recognises that economic success is only one pillar of a successful society. The Council's vision of a successful society, which was outlined in *Opportunities, Challenges and Capacities for Choice* (NESC, 1999), is broad ranging and encompasses all of the overarching objectives reflected in the four Operational Frameworks of the PPF considered here. The realisation of this vision will necessitate not only the progress reflected in GDP and GNP and the associated economic indicators that are fundamental to a successful society but also a more equal regional distribution of prosperity as measured by GVA and Disposable Income. In terms of the PPF operational frameworks it will necessitate balanced progress within and across all four of the frameworks considered in this report. At this stage the conclusion is that the spectacular success on some key dimensions must be situated within the context of modest or little progress on other essential elements of a successful society.

8.1 SUMMARY AND CONCLUSIONS

This report establishes indicators for the key policy objectives of the PPF, and identifies the associated benchmarks for the year 2000, or as close to that as possible, against which progress can be measured. It examines the trends over the 1997 to 2000 period where possible. This has not been possible in all instances due to the absence of timely data and in some instances data of appropriate quality. These issues are considered in Chapter 9.

The review of data on the policy objectives directed to enhancing prosperity and economic inclusion and the associated indicators presents a mixed picture. Productivity and employment growth match the impressive progress on several other economic indicators. However, the regional breakdown indicates a more mixed picture and reinforces the importance of benchmarks relating to regional balance. The trend in relation to all of the environmental indicators considered is negative and is reflected in the relative deterioration of Ireland's position on greenhouse gas emissions between 1997 and 2000. This trend points to concerns about the sustainability of development. Unfortunately there are significant data deficiencies in relation to two of the other indicators important in relation to sustainability and the underpinning of competitiveness, namely R&D expenditure and the proxy indicator on transport infrastructure expenditure per capita. Ireland's performance on each is poor but data are available only for 1997. Finally, housing, which is important in relation to social and economic inclusion and sustainability, presents a mixed picture. Despite the increase in the total number of units the balance between public and private housing is shifting in favour of the latter. While this might be positive and reflect an increased commitment to home ownership it is a cause for concern and policy action in a situation of decreasing purchase affordability.

Measuring progress on social inclusion and equality is hampered by the consistent time-lags in data availability. The most recent year for which data are available is 1998. Clear trends can be ascertained from the early 1990s to 1998. Consistent poverty, which is the overarching objective of the National Anti-Poverty Strategy, has been progressively reduced since 1994. Consistent poverty refers to disposable income below 50 or 60 per cent of average income combined with enforced lack of certain basic necessities. On the other hand relative income poverty at the 50 per cent level increased consistently over the period while at the 60 per cent level it fluctuated around the same level. It may be argued that in a situation of increasing average incomes that that an increase in income inequality at the extremes is not surprising. This interpretation must be tempered by the recognition that in the early 1990s figures

Ireland had relatively high income poverty and income inequality within the EU context. There is no agreed adequacy benchmark for social welfare payments. The proxy used indicates a decrease in adequacy relative to the 50 per cent average income threshold between 1997 and 1998 despite an increase in rates. The most recent year for which information on the programme composition of health expenditure is available is 1996, and consequently an assessment of trends is precluded.

Successful and continuing adaptation to change as the dynamic expression of competitiveness was identified by the Council as an essential characteristic of a successful society. Adequate data on which to monitor progress from 1997 are available for only two of the five headline indicators identified as appropriate for the measurement of adaptation to continuing change. These are the employment rate and overseas development aid, each of which has improved over the period. The most recent data for participation in continuing education and training are for 1995 and there are no national data on childcare numbers. Data on percentage of workers in the ICT sector is available only for 1997.

In conclusion, none of the findings emerging in this report are entirely new. What is significant is that they are considered as a unit and as such point to the importance of considering economic, social and environmental dimensions of policy as a linked whole, each element of which must demonstrate progress if overall progress is to be sustainable and if prosperity and fairness are to be achieved.

CHAPTER 9

SOURCES AND DATA FOR BENCHMARKING PROGRESS

Agreement on indicators is only the first step in the process of benchmarking progress. The next step is the issue of data sources and availability. This is addressed in Table 9.1 in relation to the headline indicators and issues relating to each indicator are addressed in more detail in the methodology and data notes. Table 9.2 provides a similar overview for the background indicators. The final column in each of these tables indicates the action necessary to improve the data situation and identifies the responsible agency.

First, considering the headline indicators in Table 9.1, no action is necessary in relation to seven of the indicators – HI.2, HI.3, HII.1, HII.2, HII.4, HII.6, and HIV.5. Fairly minor action is necessary in relation to another two: HI.5, and HIV.2. Efforts to improve the recency of availability of data should be made in relation to GVA and Disposable Income (HI.1). In relation to the occupational injury rate (HI.5) and the employment rate (HIV.2) it is necessary to reconcile the Irish and EU data. In relation to one, that is, Disability-Adjusted Life Expectancy (HIII.4) the global measure relates to 1999 and is adequate provided it is regularly provided. However, a breakdown by socio-economic group is essential for analysis of social exclusion. A proxy measure is being used for Infrastructural Expenditure per capita (HII.5). Data on the proposed measure will come on stream through a Department of Finance database linked to the NDP. Significantly, these data will be available from county level up for each of the programmes, measures and projects under the NDP.

In relation to the coverage of occupational pensions (HI.4) a survey is proposed, the Benchmarking Working Group examined the adequacy of social welfare payments (HIV.3) although it did not agree on an adequacy benchmark for such payments and an Inter-Departmental Synergies Committee on Childcare is examining data

TABLE 9.1
Data Issues Relating to Headline PPF Benchmarking Indicators

Indicator	Availability/ Quality of Data	Timeliness	Comparability	Disaggregation	Action Necessary
I Living Standards and Workplace Environment					
I.1 Irish GNP and GDP as % of EU GDP per capita nationally and by region.	Available.	National data: GDP – 2000, Regional data 1998.	EU data available.	Regional data and gender breakdown available.	None.
I.2 Percentage of tax payers subject to higher rate of income tax.	Available. Revenue Commissioners and Budget.	Provisional data available up to 2000/2001.	EU data available.	No breakdown available by gender.	None.
I.3 Percentage of minimum wage not subject to tax.	Available. Revenue Commissioners and Budget.	2000–2001.	OECD Taxing Wages – annual.	No breakdown available by gender.	None.
I.4 Coverage of occupational pensions as % of NPPI targets.	No national data available. Information in the NPPI Report (1998) for 1995, but partially estimated.	Information in NPPI Report (1998) relates to 1995.	No comparable international data.		Survey proposed in PPF should be undertaken and include data by sex, age and occupational or socio-economic group.
I.5 Occupational Injury Rate per 1,000 at work..	Available. Some variation in the LFS and QNHS definition.	Available to 1999.	EU data but not comparable with QNHS data.	By sector of employment and gender.	CSO re QNHS and HAS re comparability with EU sources.

Indicator	Availability/ Quality of Data	Timeliness	Comparability	Disaggregation	Action Necessary
II Prosperity and Economic Inclusion					
II.1 Productivity.	Available.	Available to 1999, with forecast to 2000.	EU data available to 2000.	No breakdown available by gender or region.	None.
II.2 Employment (annual % change).	Available.	Available to 1999, with forecast to 2000.	EU data available to 2000.	Disaggregation by gender, age and region, not by socio-economic group.	None.
II.3 R&D Expenditure as a % of GDP.	Available – see timeliness.	Most recent available data refers to 1997.	EU data available, but only to 1997.		National Competitiveness Council.
II.4 Emission of Greenhouse Gases.	Available.	Data are available for 1998, with projections for 2000.	Baseline situation and targets are given for EU states.	No regional data available.	None.
II.5 Infrastructural Expenditure per capita. Proxy measure: Transport Infrastructure per capita.	Not available. Some data are available from the D/Finance for the 1993-1999 period.		EU data available for proxy measure for 1990-98 and will be available for proposed measure.	Data will be available from county level up for each of the programmes, measures and projects under the NDP.	Data for the NDP period of 2000-2006 will start to come on stream later this year. The Dept of Finance are currently developing a data-base for this purpose.
II.6 Housing Stock and Completions.	Data on public and private housing available. No data available regarding Voluntary Housing stock, only completions.	Available to 2000 (provisional).			None.

Indicator	Availability/ Quality of Data	Timeliness	Comparability	Disaggregation	Action Necessary
III Social Inclusion and Equality					
III.1 Proportion of the Population living in Consistent Poverty.	Available - See Comparability and Timeliness.	1998.	No comparable international data are available.	Regional data are available. Data disaggregated by gender and socio-economic group can be obtained on a commissioned basis.	The Living in Ireland Survey is undertaken annually, but there is an unavoidable timelag in processing data. The feasibility of shortening this will depend on additional research resources.
III.2 Income Inequality.	Available - See Timeliness.	1997.	EU data for 1997.	Disaggregated by decile and quintile.	See III.1.
III.3 Social Welfare Payments as a % of adequacy benchmark.	No adequacy benchmark currently exists. Various options have been put forward (NESC, 1999). However, none have been agreed upon.	1998 for proxy measures.	Depends on measure chosen.		Report of the PPF Benchmarking Adequacy Working Group and action on same.
III.4 Disability Adjusted Life Expectancy (DALE).	Available.	1999.	WHO The World Health Report annual.	Disaggregated by gender and age: birth and age 60. Socio-economic group disaggregation necessary.	Feasibility of generating socio-economic group data should be pursued with the Department of Health.

Indicator	Availability/ Quality of Data	Timeliness	Comparability	Disaggregation	Action Necessary
IV Successful adaptation to continuing change					
IV.1 Percentage of 24-44 and 45-64 year adults in continuing education and training.	Available – See Timeliness.	1994-1995 data collected as part of the Adult Literacy Survey carried out by the OECD.	Some OECD country data available for 1994-1995.	Data is available on a gender and age basis but not by socio-economic group.	QNHS: (i) modification of education question to include adult and continuing education.
IV.2 Employment Rate.	Available.	Irish data available for 2000, OECD data up to 1999.	OECD 1999 QNHS uses 15 and over; the OECD uses 15-64.	Regional and gender breakdown available.	CSO to examine employment rate in QNHS as this is used as indicator in EU policy documents.
IV.3 No. of Childcare places per 1,000 children 5 year and under and 6-15 years.	No data currently available at a central level. A National report is being prepared by Area Development Management Ltd. and should be available in mid-2002.				Recommendations on data issues by the Inter-Departmental Synergies Committee on Childcare – (D/Justice, Equality and Law Reform).
IV.4 Percentage of workers in ICT Sector.	Available – See Timeliness.	Most recent available data refers to 1997.	Available, but only to 1997.	No regional or gender breakdown available. QNHS has gender by economic sector but does not identify the ICT sector.	Proposed Information Society Commission and National Competitiveness Council.
IV.5 ODA as % of GNP.	Available.	Irish data available to 1999.	Available to 1997.		None.

issues (HIV.3). In relation to the latter it is noteworthy that there are now several reports on childcare but still marked deficiencies in the data necessary for evidence-based decision making.

The data on consistent poverty (HIII.1) and relative income poverty (HIII.2) indicators relate to 1998. The associated income inequality indicators are available for 1997. The feasibility of shortening the unavoidable time-lag associated with the generation of these kinds of data will depend on additional research resources. Given the context of rapid economic and socio-economic change and the Government and Social Partner commitment to the National Anti-Poverty Strategy, the feasibility of reducing the time-lag in data availability to twelve to fifteen months should be examined by the Department of Social Community and Family Affairs and the National Anti-Poverty Strategy Inter-Departmental Policy Committee in conjunction with the ESRI.

Two of the remaining four indicators require the initiation of action by the Council, the first with the CSO in relation to the QNHS and the second with the Department of Health and Children. In relation to the percentage of 20-44 and 45-64 year-olds in continuing education and training (HIV.1) it is recommended that:

- the education question currently under consideration for the QNHS be modified to include adult and continuing education.

The final two indicators are drawn from the *Annual Competitiveness Report* (National Competitiveness Council, 2000), namely the R&D expenditure as a percentage of GDP (HII.3) and the percentage of workers on the ICT sector (HIV.4). Data on both relate to 1997.

Table 9.2 outlines the data issues relating to fourteen of the background indicators. These are the fourteen on which the most significant data deficiencies are evident. Six are dependent on action by the National Competitiveness Council in relation to the timeliness of data (A11, A12, A14 and A15; D5 and D6). The issue of family-friendly work practices (B4) is under review by the National Family-Friendly Framework Committee established under the PPF.

The possibility of improvement in the data situation in relation to

two of the other indicators is dependent on inclusion in the QNHS (B5 and B7). Improvement in the data situation in relation to housing is dependent on joint action by the CSO and the Department of Environment and Local Government (C7 and C8). Improvement in the two health indicators (C10 and C14) is dependent on action by the Department of Health and Children and the Institute of Public Health. The final health indicator presents comparability problems when considered relative to OECD data; this is being reviewed by the Department of Health and Children.

Adequate data to measure the percentage of health expenditure on primary/Community Care (C13) is not available at present. The feasibility of generating an appropriate measure of the commitment to Community Care should be explored with the Department of Health and Children.

In conclusion, it is noteworthy that much of the highest quality and most current data are available in those areas in which EU-wide comparisons are most regularly demanded. Since the EU is now strongly committed to agreement on Structural Indicators on which progress can be measured on a regular basis, it is probable that there will be positive data generation consequences. While the EU Structural Indicators are still in the process of development it is worthwhile to review the proposed PPF indicators in relation to them.

TABLE 9.2
Data Issues – Background PPF Indicators (Indicators for which data deficiencies are evident)

Indicator	Availability/ Quality of Data	Timeliness	Comparability	Disaggregation	Action Necessary
A.11 Manufacturing Export Diversification by Country and Sector.	See Timeliness.	1995 data from the Annual Competitiveness Report 2000 (based on OECD database).	Comparable, but very dated, international data available (1995), making it too old to be relevant.		National Competitiveness Council.
A.12 Investment by Business in Research and Development.	See Timeliness.	1997 from Annual Competitiveness Report 2000 (based on OECD 1999 publication).	Comparable, but dated, international data available. For most countries it relates to 1997.		National Competitiveness Council.
A.14 and A.15 Road and Rail Infrastructure.	See Timeliness.	Road Infrastructure 1996 and Rail Infrastructure 1998 from Annual Competitiveness Report 2000 (based on EU Transport in Figures Statistical Handbook 2000).	EU data for 1996 (road infrastructure) and 1998 (rail infrastructure).	Regional breakdown not available.	National Competitiveness Council.

Indicator	Availability/ Quality of Data	Timeliness	Comparability	Disaggregation	Action Necessary
B.4 Percentage of workers in enterprises adopting family-friendly work practices	No data are available on a national basis. A National Family Friendly Framework Committee, established under PPF, is currently examining how the situation can be monitored.		No comparable international data available.		A National Family Friendly Framework Committee, established under PPF, is currently examining how the situation can be monitored.
B.5 Employment Rate for men and women 20-44 with and without a child aged 0-5.	Data available in the European Labour Force Survey - See Timeliness.	Most recent data available refers to 1997	Yes: Twelve EU countries.	No disaggregation is available by region or socio-economic group.	Construct more timely measure based on QNHS data.
B.7 Percentage of adults at each literacy level.	Available – See Timeliness	Data available refers to the period 1994-1995, collected as part of the Adult Literacy Survey carried out by the OECD. This has not been replicated.	International data are available in the OECD's publication, Education at a Glance. Although this is an annual publication the data used refer to 1994-1996.	Data are available on a gender and age basis, but not by socio-economic group.	See Headline indicator HIV.1 re Lifelong Learning module in QNHS. CSO and OECD re the feasibility of replicating the Adult Literacy Survey as carried out by the OECD and Statistics Canada in 1994 and 1995.

Indicator	Availability/ Quality of Data	Timeliness	Comparability	Disaggregation	Action Necessary
<p>C.7 Housing Affordability.</p> <p>Proxy measure: Ratio of average house prices to average industrial wages. This does not take account of the rented sector and is based only on the cost of the dwelling, not ongoing running costs.</p>	<p>No agreed measure of 'housing affordability' exists. Generally taken to mean that some given standard of housing/accommodation can be secured without placing undue financial burden on the household income.</p>	<p>Re: Proxy measure data are available on average prices of new and second hand houses for which loans were approved by Building Societies, Banks, other agencies and Local Authorities from the Department of the Environment and Local Government annually. The most recent data available refer to 2000.</p> <p>Data on average earnings are available from the CSO. Most recent data refer to September 2000.</p>	<p>No.</p>	<p>Disaggregated data not available.</p>	<p>CSO and Department of the Environment and Local Government.</p> <p>An affordability index based on a ratio of 'major payments' or 'gross rent' to household income is used in Canada (see text). The data on which the index is based is collected as part of the Census of Population. The feasibility of such an index for Ireland should be explored.</p>

Indicator	Availability/ Quality of Data	Timeliness	Comparability	Disaggregation	Action Necessary
<p>C.8 Housing Quality Indicator.</p> <p><i>Proxy indicator: 'Problems with Accommodation'.</i></p>	<p>No indicator currently exists.</p> <p>Data for the proxy measure are available from the CSO's QHNS, which includes a module on Housing and Households. This contains information on 'Problems with Accommodation'.</p>	<p>The National Survey of Housing Conditions is carried out every ten years. This was last carried out in 1990. Another survey is to be carried out in 2001.</p> <p>CSO produced a module of the QHNS on 'Housing and Households in December 2000. This contains data on 'problems with accommodation' relating to the third quarter of 1998. This module will be repeated in 2003-2004.</p>	<p>No comparable international data available.</p>	<p>CSO data are disaggregated by:</p> <ul style="list-style-type: none"> ● Region; ● Occupancy status; ● Number in the household; ● Type of dwelling; ● Year of construction; ● Sex of reference person; ● Age of reference person; and ● Number of persons employed in household. 	<p>The National Survey of Housing Conditions is carried out every ten years on behalf of the D/Environment and Local Government. The last survey was undertaken in 1990 and published in 1992. A new survey is to be carried out in 2001, with results expected in 2002-03.</p> <p>The frequency of this survey should be increased to at least once every five years and be supplemented by a module in the QNHS.</p>

Indicator	Availability/ Quality of Data	Timeliness	Comparability	Disaggregation	Action Necessary
C.10 Infant, Neonatal and Perinatal Mortality Rates.	Available. See Timeliness and Disaggregation.	Data are available from the Department of Health and Children. While provisional national figures are available up to 1999, the most recent international comparable data are for 1997.	1997.	Disaggregation by socio-economic group not possible.	Department of Health; The Institute of Public Health in Ireland.
C.14 Life Expectancy at Birth, 40 years and 65 years.	Available. See Timeliness and Disaggregation.	Data are available from the Department of Health and Children. However, the most recent data available relate to 1995.	International comparable data are available.	Disaggregation by socio-economic group not possible.	Department of Health; The Institute of Public Health in Ireland.
C.13 Health Expenditure as % of GNP and GDP, Public and Private.	Available. See Timeliness.	Published data, 1996. Unpublished data, 1998.			Department of Health and Children re reconciliation with OECD figures.

Indicator	Availability/ Quality of Data	Timeliness	Comparability	Disaggregation	Action Necessary
D.5 Average time per day commuting to and from work.	Available. See Timeliness.	1996 data from the Annual Competitiveness Report 2000. These are no longer relevant, except for comparative purposes as the situation is likely to have changed dramatically since then.	Comparable international data are available from the EU. However, the most recent refer to 1996.	No regionally disaggregated data available.	National Competitiveness Council.
D.6 Buses, Coaches and Cars per 1,000 population.	Available. See Timeliness.	1997 data from the Annual Competitiveness Report 2000.	1997 for the EU.	No regionally disaggregated data available.	National Competitiveness Council.

9.1 EU STRUCTURAL INDICATORS

The conclusion of the Lisbon Council called for indicators in four policy domains: employment, innovation, economic reform and social cohesion. Following this mandate, the Commission proposed twenty-seven key indicators and five general economic background indicators. With the exception of the Economic Reform domain the proposed PPF indicators match relatively well the indicators proposed by the Commission. ‘Economic Reform’ as outlined by the Commission is not a dimension of the PPF.

Under the Employment heading the Commission proposes seven indicators:

1. Employment rate;
2. Female employment rate;
3. Employment rate of older workers;
4. Unemployment rate;
5. Long-term unemployment rate;¹
6. Tax rate on low-wage earners; and
7. Lifelong learning (adult participation in education and training).

With the exception of the employment rate of older workers all of these indicators are relevant to the PPF exercise. Apart from the lifelong learning indicator, data are available on a relatively timely basis.

Under the heading of Innovation and Research the Commission proposes eight indicators:

1. Public expenditure on education;
2. R&D expenditure;
3. Infrastructure expenditure;
4. ICT expenditure;

1. This is also listed under the Social Cohesion heading.

5. Level of Internet access;
6. Patents in high-tech areas;
7. Exports of high-technology products; and
8. Venture capital.

The first four of these are relevant to the PPF exercise although, as is recognised by the Commission, there are considerable data problems in relation to some of them.

Under the Social Cohesion heading the Commission identifies six indicators:

1. Distribution of income (quintile ratio);
2. Poverty rate before and after social transfers;
3. Persistence of poverty;
4. Jobless households;
5. Regional cohesion (variation of GDP per capita across regions); and
6. Early school leaving not in further education and training.

These six indicators, plus the long-term unemployment rate which is listed above under employment are being examined by an Indicators Sub-Group of the Social Protection Committee and are likely to be revised when that group reports. The mandate of the sub-group is to improve indicators in the field of poverty and social exclusion, to develop indicators capable of illustrating the role of social protection and support the process of modernising systems on which Member States are engaged. The task of the sub-group is to develop commonly agreed indicators in order to underpin the policy co-ordination process in view of these common objectives. The group is expected to report by the end of 2001. While difficulties in agreeing a common analytical and statistical framework are acknowledged, the work of the sub-group is expected to provide a basis for progress in developing common measurement approaches in the field of social protection, a process which will be enhanced by the ongoing development of a new household survey, the Survey of Income and Living Conditions. This survey should also enhance the

comparability of income inequality and poverty across the EU. The sub-group has commenced work on indicators for pensions and housing, and is also to consider the issue of health indicators. This EU-wide examination of indicators and data issues is of very great importance and should eventually lead to much improved possibilities for policy making and monitoring of progress.

In the meantime it is worth considering the initial list outlined above with reference to the PPF indicators. Four of the indicators are included in the PPF exercise: the distribution of income, regional cohesion, early school leaving and the quintile ratio. The other three measures proposed by the Commission would enhance the measurement of progress on the PPF overarching objectives, but data deficiencies preclude their consideration at present. These are: the poverty rate before and after social transfers, persistence of poverty and jobless households. If the agreement of Structural Indicators at the EU level results in data on these and all the other indicators proposed becoming available on a timely basis, the era of realistic evidence-based decision making will be a reality. The proximity of this situation will be enhanced by a commitment to address the data deficiencies identified in this report.

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Appendices

Appendix 1

HEADLINE INDICATORS

METHODOLOGY AND DATA NOTES

HEADLINE INDICATORS

Framework I: Living Standards and Workplace Environment

Policy Objective: 1. Achieve Higher Living Standards

Indicator I.1: Irish GNP and GDP per capita as a percentage of EU GDP per capita nationally and by region.

Definition: GNP: the total value of goods produced in the country, less profits generated by foreign-owned companies. GDP: the total value-added produced in the country, including profits of foreign-owned companies. GDP is used for the majority of countries, but due to the high level of foreign investment and foreign owned companies in Ireland there is a relatively large difference between GDP and GNP. In 2000 GNP was 16 per cent less than GDP (Central Statistics Office, 2001: Tables 5 and 6).

In view of the difference between GNP and GDP in Ireland and the fact that GNP represents the resources available for redistribution, it is the appropriate base for the measurement of progress in several of the indicators used in this report. In recognition of the fact that EU, OECD, ILO and UN publications use the standard GDP base for expenditure comparisons for all countries including Ireland, the relevant GDP figures are presented in footnotes.

In order to obtain regional figures, national figures are divided between the regions according to regional shares of national Gross Value Added (GVA). Gross Value Added (GVA) at basic prices is a measure of the value of the goods and services produced in a region at the value which the producers receive, minus any taxes payable and plus any subsidies receivable as a consequence of their production or sale. GVA differs from household income in three respects: (i) GVA includes the total profits of companies. Company profits arising in the state, which accrue to non-residents are

considerable, (ii) the workforce that produces GVA in a region may not live there and may bring their incomes home to a neighbouring region, and (iii) personal income includes items such as social welfare benefits and factor income from abroad, which are not included in GVA. The second regional measure, Disposable Income per Capita, overcomes these problems. Disposable Income is defined as total income (that is primary income plus social benefits and other current transfers) minus current taxes on income, social insurance contributions and other current transfer payments.

The regions for which the accounts have been compiled are the eight Regional Authorities established under the Local Government Act 1991 (NUTSIII – under the Nomenclature of Territorial Units classification used by Eurostat) and the NUTSII regions, which were proposed by the Government and agreed by Eurostat in 1999. These are groupings of the NUTSIII regions.

Rationale for Inclusion: GDP is a standard measure of overall economic performance and provides a picture of living standards at a given point in time. GNP is the appropriate measure for several purposes in Ireland (see Definition above and Chapter 2, Section 2.3)

Used as an Indicator by: Per capita GDP and growth rates are used by OECD, UN, World Bank, Eurostat, and the National Competitiveness Council.

Data Availability and Sources: Figures are available from the CSO in *National Income and Expenditure* and the statistical release *Regional Accounts*. The Regional Accounts were first published by the CSO in 1996 and the most recent data refer to 1998. As GVA can be influenced by the performance of any one company in a given year, the three-year average for 1996-1998 is also provided below.

For cross-national comparison, data are available for GDP in the Eurostat publication, *Statistics in Focus, Gross Domestic Product in the EU*.

The gender breakdown of GDP per capita is taken from the United Nations Development Programme's *Human Development Report*.

In this, as in other cross-national comparisons, GDP per head is expressed in terms of Purchasing Power Parities (PPPs). These are ‘the rates of currency conversion that equalise the purchasing power of different currencies by eliminating differences in prices between countries’, (OECD, National Accounts: Aggregates 1960-1997, Vol 1 p.159). These PPPs are then most commonly expressed in terms of US dollars.

BASELINE SITUATION

(1) GDP and GNP Per Capita IR£1995 Constant Market Prices

	1994	1997	1999 (preliminary)
GNP per capita	9,467	11,774	13,384
GDP per capita	10,523	13,489	15,721

Source: CSO (2000), *National Income and Expenditure 1999*.

(2) GDP Per Capita PPPs (US\$) Current Prices

	1996	1997 (estimated)
Ireland	18,484	20,634
EU	19,699	20,546

Source: OECD (1999), *National Accounts Main Aggregates 1997*, Vol 1, Table 2.

**(3) Indices of GVA per person at Basic Prices, (EU =100) NUTS II and
NUTS III Regions and Disposable Income per Capita (State=100) NUTS II
Regions**

Region	1991	1996	1997	1998	Average 1996-1998
GVA: EU=100					
Border, Midland & Western	60.2	71.3	76.0	80.0	75.9
Border	63.3	73.0	80.1	84.1	79.3
Midland	56.9	67.0	70.9	73.1	70.4
West	58.3	71.8	74.4	79.2	75.3
Southern & Eastern	81.1	102.2	114.1	118.1	111.7
Dublin	104.7	125.3	139.0	145.6	137.0
Mid-East	50.9	79.6	90.2	79.4	83.0
<i>Dublin plus mid East¹</i>	<i>91.7</i>	<i>114.0</i>	<i>126.8</i>	<i>128.8</i>	<i>123.4</i>
Mid-West	71.1	88.6	93.0	97.4	93.2
South-East	64.0	81.6	85.0	85.2	84.0
South-West	75.8	94.7	113.9	125.4	111.9
State	76.0	94.0	104.0	108.0	102.2
Disposable Income per Capita					
State = 100			100	100	
Border, Midland, & Western			90.8	91.4	
Southern & Eastern			103.3	103.1	

Source: CSO (2001), *Statistical Release: Regional Accounts, January 2001*.

Note: 1. The mid-East region (Kildare, Meath and Wicklow) and the Dublin region are affected by a substantial proportion of their workforce living in one region and commuting to work in another. Hence these two regions are combined as well as being shown individually.

(4) Real GDP per Capita (PPP\$), 1997

	Female	Male
Ireland¹	11,585	29,973
Denmark	19,733	27,741
Netherlands	14,483	27,877
UK	15,736	25,917

Source: United Nations Development Programme (1999), *Human Development Report 1999*, Oxford University Press, p.138.

Note: 1. The manufacturing wage was used for Ireland.

Framework I: Living Standards and Workplace Environment

Policy Objective: 1. Achieve Higher Living Standards

Indicator I.2: Percentage of Tax Payers subject to the higher rate of income tax

Definition: The term “tax payers” is usually taken to refer to the three categories of income tax payers: people paying tax at the marginal rate, the standard rate and the higher rate. Those exempt from tax are excluded from this ‘tax payer’ term, but are included in the count of tax units.

The changes in the higher rate of tax and the thresholds at which income becomes liable to the higher rate of tax are outlined in the table below for 1990/1991 to 2001/2002.

Rationale for Inclusion: Central to the Programme for Prosperity and Fairness (PPF) is support for tax reform and tax reductions to improve the position of all tax payers, an increase in real take-home pay of those covered by the programme, especially those with below average earnings, and development of the structure of the tax system to deliver benefits and focus resources in an equitable manner.

According to CSO earnings statistics, average weekly industrial earnings in March 1999 were £305.57 (£15,900 a year). A single earner in that year entered the higher rate tax band once their earnings reached £14,000 i.e. at less than 90 per cent of average industrial earnings.

The PPF contains an objective of ensuring that over time, at least 80 per cent of tax payers will not be subject to the higher rate of income tax. (In the Programme for Government, the Government commits itself to reaching this target by 2002.)

Used as an Indicator by: PPF.

Data Availability and Sources: Data are available from the Revenue Commissioners and the Department of Finance Budget Papers.

There are four categories of tax units on the Revenue tax files. These are as follows:

- those exempt from paying tax because their income is below the personal allowances or the income tax exemption limits;
- those on low incomes just above the income tax exemption limits who pay tax at the special Marginal Relief Rate of Income Tax;
- those paying tax at the Standard Rate of Income Tax; and
- those paying tax at the Higher Rate of Income Tax.

Data on rates of income tax payable internationally are contained in the OECD publication, *Taxing Wages*, most recently published in 2000.

BASELINE SITUATION

Estimated Distribution of Total Tax Units by Tax Bands

	(1) Exempt	(2) Marginal Relief	(3) Standard Rate	(4) Higher Rate	(5) Total Tax Units 1-4	(6) Total Tax Payers 2-4
1990/1991 ¹	322,000	88,440	440,140	324,430	1,175,010	853,010
1996/1997	346,310	146,780	508,017	388,892	1,389,999	1,043,689
1998/1999 ²	393,642	81,898	642,774	462,786	1,581,100	1,187,458
1999/2000 ²	473,977	24,903	655,418	510,203	1,664,501	1,190,524
2000/2001 ²	553,201	7,946	716,559	445,694	1,723,400	1,170,199
2001/2002 ² post-Budget	667,775	4,522	694,515	402,187	1,768,999	1,101,224

Source: Revenue Commissioners, Policy Legislation and Statistics Division and Department of Finance (2001), *Budget 2001*.

Note: 1. The higher rate in 1990/91 incorporates two rates, 48 per cent and 53 per cent.
2. Provisional and likely to be revised.

Percentage of Tax Payers subject to higher rate of Income Tax / Higher Rate of tax and Threshold at which it is paid

	% of Tax Payers Subject to the Higher Rate	Higher Tax Rate	Threshold at Which Higher Tax is Paid
1990/1991	38.0	48% and 53%	6,500
1996/1997	37.3	48%	9,400
1998/1999	39.0	46%	10,000
1999/2000	42.8	46%	14,000
2000/2001	38.1	44%	17,000
2001/2002 (post-Budget)	36.5	42%	20,000

Source: Revenue Commissioners, Policy Legislation and Statistics Division and Department of Finance (2001), *Budget 2001*.

Top Rate of Income Tax – European Comparison

	1997	1999-2000	2001-2002
Ireland	48%	46%	42%
Denmark	60%	51% ¹	–
Netherlands	60%	60%	–
UK	40%	40%	40%

Source: Forfás (2000), *Annual Competitiveness Report 2000*, using data from *International Tax Summaries* – Coopers and Lybrand, 1998 and OECD (2000), *Taxing Wages 1999-2000*.

Note: 1. Includes tax to Central Government of 15% and local income tax of 35.82% (OECD, 2000: 207).

**Framework I:
Living Standards and Workplace Environment**

**Policy Objective:
1. Achieve Higher Living Standards**

Indicator I.3: Percentage of minimum wage not subject to tax.

Definition: As above.

Rationale for Inclusion: The rationale for this is that it “is an agreed policy objective of the Government and the social partners that, over time, all those earning the minimum wage will be removed from the tax net” (PPF paragraph 1.1.3).

Used as an Indicator by: PPF.

Data Availability and Sources: Data are available from the Revenue Commissioners and the Department of Finance Budget Papers.

BASELINE SITUATION

HI.3 Percentage of minimum wage not subject to income tax – based on a 40-hour week:	2001: 84% up to June. Tax liability entry point £144 per week set by Budget 2001.	79% from July 2001 due to increase in minimum wage but no change in entry point for tax liability.
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Framework I: Living Standards and Workplace Environment

Policy Objective: 1. Achieve Higher Living Standards

Indicator I.4: Coverage of occupational pensions as a percentage of the National Pensions Policy Initiative (NPPI) targets (by sex, age and occupational group).

Definition: The NPPI, produced by the Pensions Board, was published in 1998. It provides an assessment of the situation regarding pension provision in Ireland and sets out a strategy for future development. In examining the issue of adequate and comprehensive pension coverage the report describes the present pension system in Ireland in terms of two pillars: (a) the social welfare system (Contributory and Non-Contributory means-tested pension), and (b) voluntary supplementary pensions. It sets an overall target for supplementary pension coverage (Pillar 2) i.e. that 70 per cent of the total workforce over age 30 make or have supplementary pension provision. The Board set interim targets of 62 per cent after five years and 66 per cent after ten years.

Rationale for Inclusion: All retired persons should have an adequate income to enable them to live with dignity and to share in the benefits of economic growth (PPF 1.2). In 1995 less than 50 per cent of the workforce had supplementary pension cover. This means that significant segments of the workforce and their dependants are at risk of experiencing a sharp drop in living standards when they become pensioners. It is recognised in the agreement that the current level of coverage of occupational pension schemes needs to be increased, taking into account the NPPI target for occupational pensions coverage of 70 per cent of the total workforce over 30 years.

The NPPI identified three issues relating to pension coverage: (a) it is a poverty issue – the elderly are one of the groups at most risk of

poverty in Ireland at the present time, (b) without active policies encouraging them to save for retirement, people are reluctant to do so and as a consequence they can suffer a sharp drop in their living standards when they reach retirement, and (c) there are macro-economic, public finance and national savings objectives to be taken into account.

Used as an Indicator by: PPF

Data Availability and Sources: No comprehensive and timely data are currently available. The PPF (1.4.2) indicates that a survey of occupational pension coverage is to be carried out in order to monitor progress towards the NPPI target. This is being commissioned by the Pensions Board. Annual statistics based on tax-relief data are not feasible at present. The feasibility of inclusion of a question on pension coverage in the Quarterly National Household Survey on an annual basis could be pursued by the Council.

BASELINE SITUATION 1995 AND TARGETS

Supplementary Pension Coverage: Ultimate and Interim Targets by Employment Status, Gender and Age for 5 and 10 years after Implementation of Proposals

		Age	1995 ¹ %	5 years target %	10 years target %	Ultimate target %
All at work			46	53	57	60
Of which:	All workers aged:	Up to 29	28	34	35	35
		30 - 65	54	62	66	70
	Self-employed		27	36	43	44
	Employees		51	58	61	64
	– Public sector		83	90	90	90
	– Private sector		38	48	53	58
Males			49	54	58	59
Of which:	Self-employed:	Up to 29	24	28	32	32
		30 - 65	29	38	45	45
	Employees:	Up to 29	29	35	35	35
		30 - 65	73	75	75	75
Females			40	51	56	61
Of which:	Self-employed:	Up to 29	1	16	32	32
		30 - 65	20	33	40	45
	Employees	Up to 29	29	35	35	35
		30 - 65	54	65	70	75

Source: The Pensions Board (1998), *Securing Retirement Income: National Pensions Policy Initiative, Report of the Pensions Board*, Table 5.1.

Note: 1. Some of the figures for 1995 are actual, and some are estimated.

Framework I: Living Standards and Workplace Environment

Policy Objective: 2. Achieve Improvement in the Work Environment

Indicator I.5: Occupational Injury rate per 1,000 at work.

Definition: Occupational Injury rate per 1,000 at work. This refers to where a person incurred an injury at work or in the course of work in the twelve months prior to the survey. There is some variation in the survey question used in the Labour Force Survey (LFS) and in the Quarterly National Household Survey (QNHS)¹. The LFS refers to incurring an injury at work or in the course of work that required a person to consult a doctor or take time off work, while the QNHS asks if a person incurred any injuries, apart from illnesses, which occurred at work or in the course of their work. It then separately asks if the injury required consultation with a doctor and if the person needed to take time off work as a result of this injury.

Rationale for Inclusion: One of the objectives of the Programme for Prosperity and Fairness (PPF) is to reduce the number of accidents and to underpin the joint responsibility of employers and employees in relation to the prevention of accidents in the workplace and the adoption of a health and safety culture (1.3b).

Used as an Indicator by: PPF, Eurostat.

Data availability and Sources: Data are available from the Central Statistics Office (CSO). The latest information available relates to Quarter 2 in 1999. While a question on this issue is asked as part of the Quarterly National Household Survey and previously the Labour Force Survey, it is not published, but is available on request from the CSO. While information is available from Eurostat, the definition it uses is different to that used by the CSO, making comparative analysis difficult.

1. The QNHS was introduced in September 1997, replacing the annual LFS.

BASELINE SITUATION

Injury in the previous twelve months – Incidence per 1,000 persons in employment

	1993 ¹	1997 ¹	1999 ²
Male	19	19	25
Female	9	9	12
Total	15	15	20

Source: CSO (2001), special analysis from the *Labour Force Survey 1993*, *Labour Force Survey 1997* and *Quarterly National Household Survey, Quarter Two, 1999*.

Note: 1. Labour Force Survey data – the question posed in the survey asked if in the past twelve months the person incurred an injury at work or in the course of work that required them to consult a doctor or take time off work.

2. The Quarterly National Household Survey – the question asks if in the past twelve months, the person incurred any injuries, apart from illnesses, which occurred at work or in the course of their work. It then goes on to ask separately if “this injury required consultation with a doctor” and if the person needed to take time off work as a result of this injury. In 88 per cent of cases reported (in Q2 1999) the person did in fact need to see a doctor.

Incidence (per 1,000 in employment) of Work-Related Injury in previous 12 months by Sector of Employment – 1999, Quarter 2

Sector of Employment	Total	Male	Female
Total	20	25	12
Agriculture, Forestry, Fishing	28	28	24
Other Production Industries	26	32	11
Construction	33	35	0
Wholesale and Retail	12	15	9
Hotels and Restaurants	25	29	22
Transport, Storage, Communication	24	28	13
Financial and other Services	7	8	7
Public Administration; Defence; Social Security	16	22	6
Education and Health	15	18	14
Other	14	21	8

Source: CSO (2001), special analysis from the *Quarterly National Household Survey, Quarter Two, 1999*.

**Framework II:
Prosperity and Economic Inclusion**

**Policy Objective:
1. Underpin Ireland's Competitiveness**

Indicator II.1: Labour Productivity (annual percentage change).

Definition: The unit of output per unit of labour input.

Rationale for Inclusion: This is a measure of a dynamic, competitive and technologically advanced economy, indicating a flexible workforce, as well as adaptable businesses. In the Irish case, one particular facet of this indicator should be noted, that is that labour productivity is significantly higher and has grown faster in foreign-owned than in Irish-owned companies. High labour productivity is therefore, to a significant degree, reflective of the high level of FDI in Ireland and its technological nature.

Used as an Indicator by: OECD, Eurostat, National Competitiveness Council.

Data Availability and Sources: Data are available for Ireland in the *National Income and Expenditure* reports produced annually by the Central Statistics Office (CSO). This appears as GDP and GNP at constant market prices per person at work (Table B, Main Aggregates). The most recent data refer to 1999. However, labour productivity is more commonly reported in terms of growth or decline over a given period. For information on Ireland and EU comparisons the *EC Economic Data Pocket Book* provides annual average growth rates. For wider international comparisons, data are available in the *OECD Main Economic Indicators*, the most recent edition of which was published in 2000. The Forfas Annual Competitiveness Reports provide annual average change figures using EU data.

BASELINE SITUATION

Labour Productivity, Ireland 1994, 1997 and 1999

Per person at work	1994	1997	1999
GDP IR£	31,764	36,908	38,852
GNP IR£	28,578	32,216	33,076

Source: CSO (2000), *National Income and Expenditure 1999*.

Labour Productivity, percentage change¹ (prices, wages and labour costs)

	1990	1997	2000 ²
Ireland	3.2	6.1	3.9
Denmark	1.7	2.1	1.8
Netherlands	1.7	1.0	1.4
UK	-0.5	1.4	2.1
EU (15)	1.2	1.8	1.9

Source: Eurostat (2000), *EC Economic Data Pocket Book December 2000*.

Note: 1. Percentage change p.a.:GDP at 1995 market prices per person employed
2. DG ECFIN economic forecasts, Spring 2000

Productivity (Annual Average Change 1991-1996, 1992-1997 and 1994-1999)

	Productivity (annual average change)		
	1991/1996	1992/1997	1994/1999
Ireland	8.2%	4.4%	3.8%
Denmark	1.8%	2.2%	2.3%
Netherlands	1.7%	1.4%	1.3%
UK	2.3%	2.4%	1.4%
EU	2.0%	0.0%	1.6%

Source: Forfás (2000), *Annual Competitiveness Report 2000* (taken from EC Economic Data Pocket Book, 2000) and Forfás (1999) *Annual Competitiveness Report 1999* (taken from European Monetary Institute Convergence Report, March 1998).

Framework II: Prosperity and Economic Inclusion

Policy Objective: 1. Underpin Ireland's Competitiveness

Indicator II.2: Employment (annual percentage change).

Definition: Two definitions are commonly used: the proportion of people of working age 15 to 64 in employment (OECD, Eurostat Labour Force Surveys), and the proportion of people aged 15 years and over in employment (calculated from the Irish QNHS surveys).

Rationale for Inclusion: This is the clearest indication of the demand for labour and reflects economic activity and growth.² High employment rates should also, although do not necessarily, indicate and contribute to improved social circumstances.

Used as an Indicator by: OECD, Eurostat, UN.

Data Availability and Sources: The employment rate for Ireland can be calculated on the basis of the number of people in employment (ILO definition) and the population aged 15 years and over. This calculation has a different basis from the employment rate used in international publications, which refers to those aged 15 to 64 years. The international data are used here to allow for comparisons. The figures provided are taken from the annual OECD publication, *Employment Outlook*, June 2000 (Statistical Annex, Tables B and C).

In comparing the situation in Ireland to that in other countries, and particularly our fellow EU member states, consideration has to be given to the appropriate age groups that one compares. It has been common practice to look at the population aged 15 – 64 years, that is, broadly between the end of compulsory education and compulsory retirement. Participation rates are also commonly cited for the total

2. Labour force participation and unemployment rates which are influenced by, and are indicators of, labour supply and demand are included below.

population aged 15 years and over, and also for what is sometimes referred to as the primary working age group, that is, those aged 25 – 54 years. Each of these groups presents a different comparative picture. Due to Ireland’s relatively large youth population and relatively small older population, Ireland differs significantly from most EU states. For this reason, the most appropriate comparison is probably based on the 25–54 year age group. In addition, employment rates are not gender neutral with women having lower employment rates than their male counterparts in most countries.

BASELINE SITUATION

Employment percentage change, 1987, 1990, 1997, 2000

	1987	1990	1997	2000 ¹
Ireland	0.6	3.3	3.6	4.7 ²
Denmark	0.9	–0.8	2.2	0.8
Netherlands	1.6	3.0	3.4	2.5
UK	2.6	0.3	1.6	0.9
EU 15	1.1	1.5	0.8	1.5

Source: OECD (2000), *OECD Economic Outlook December 2000*, and OECD *Employment Outlook June 2000*, and Eurostat (2000), *EC Economic Data Pocket Book December 2000*.

Note: 1. DG ECFIN economic forecasts, Spring 2000.
2. QNHS February 2001.

Percentage Change in Employment Rates 1997 to 1999

		Ireland	EU 15	OECD
Men	15-24	22.4%	5.3%	3.0%
	25-54	5.7%	1.5%	0.3%
Women	15-24	20.5%	7.6%	6.3%
	25-54	13.2%	3.5%	0.8%
Total	15-24	21.8%	6.2%	4.5%
	25-54	8.8%	2.3%	0.5%

Source: OECD (2000), *Employment Outlook, June 2000*, Statistical Annex, Tables B and C, and OECD (2000), *Economic Outlook, June 2000*, Statistical Annex, Table 20.

Framework II: Prosperity and Economic Inclusion

Policy Objective: 1. Underpin Ireland's Competitiveness

Indicator II.3: Research and Development (R&D) expenditure as a percentage of GDP.

Definition: This comprises all of a country's expenditure on research and development activities as a proportion of GDP. It includes expenditure by Government, businesses and industry and investment from abroad.

Rationale for Inclusion: R&D is an important driver of progress in an economy and society and is essential to increasing innovation. The indicator illustrates the level of priority attached to the development of a knowledge-based economy, thereby contributing to the development of increased productivity and competitiveness. Investment in R&D is essential to ensure that Ireland can position itself at the cutting edge of industrial development and innovation. The creation of linkages between industry, academia and the social partners can aid in maximising the return on the State's investment in R&D to the benefit of all in society. In addition, investment in R&D contributes to the development of a skilled and adaptable workforce and a population that can embrace the changes emerging as a result of rapid and ongoing technological advances.

Used as an Indicator by: OECD, EUROSTAT, Information Society Commission.

Data Availability and Sources: Data are available for Ireland and the OECD in the publication *Science, Technology and Industry Outlook*. The most recent edition of this was published in January 2000. The most recent data included for Ireland relate to 1997 (see Annex, Table 8). Data are also available from the Information Society Commission.

BASELINE SITUATION

Expenditure on R&D as a proportion of GDP

	1990	1996	1997	1998
Ireland	0.8%	1.4%	1.4%	–
Denmark	–	2.0%	2.0%	2.06%
Netherlands	–	2.1%	–	–
UK	–	1.9%	1.9%	–
EU	2.0%	–	1.8%	–

Source: Information Society Commission (2000), update on *Benchmarking Ireland in the Information Society* and OECD (2000), *Science, Technology and Industry Outlook*.

Framework II: Prosperity and Economic Inclusion

Policy Objective:

2. Use increased prosperity to enhance our quality of life in the context of a fairer and more inclusive society.

Indicator II.4: Emission of Greenhouse Gases (GHGs) relative to Kyoto limits

Definition: The net figure refers to total gross emissions less CO₂ sinks in forests. The reduction target of the Kyoto agreement involves six gases: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride, hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs). No figures currently exist in Ireland for the last four gases, although the EPA estimate that they account for less than 1 per cent of the total national emissions. Research is currently being undertaken on producing an inventory of these gases, funded by the NDP and the EPA, with results expected in 2002. It is the net emission of the three main greenhouse gases, (carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O)) that is presented here. In the period 2008-2012 Ireland's Kyoto commitment is to limit the net growth in emissions to 13 per cent above 1990 levels, or to 62 MT CO₂ equivalent (Department of the Environment and Local Government, 2000).

Rationale for Inclusion: The level of greenhouse gases in the atmosphere is one of the most widely accepted indicators of the state of the environment. The concentration of greenhouse gases in the atmosphere has increased rapidly in recent years. The predicted consequences of this increase in human production of GHGs is an increase in global temperatures. Without action climate-change related effects around the globe are expected to include rising sea levels, increased intensity and frequency of storms, droughts, floods, spread of disease and ecosystem and agricultural disruption.

The major human emissions of GHGs in Ireland include carbon dioxide (CO₂), in particular the burning of fossil fuels, methane (CH₄) and nitrous oxide (N₂O). Energy use is the single most important contributor of GHGs. Agriculture is the other major contributor. At the UN climate conference in Kyoto in December 1997, the industrialised world agreed a protocol to reduce greenhouse gas emissions. The Kyoto agreement uses 1990 as its benchmark year. Under the Kyoto Protocol, industrial countries agreed to reduce their greenhouse gas emissions (six gases) by 5 per cent of their 1990 levels by 2008-2012. Within this requirement the EU as a whole agreed to reduce emissions by 8 per cent. As part of this commitment and recognising Ireland's converging rate of economic growth, it was agreed that the ceiling on Ireland's growth in greenhouse gas emissions would be 13 per cent above 1990 levels. The Government is legally bound under the agreement to take action to reduce the emissions. The National Climate Change Strategy produced by the Department of the Environment and Local Government outlines the programme for action.

Used as an Indicator by: Irish Environmental Protection Agency (EPA), National Climate Change Strategy, UN, OECD, World Bank.

Data Availability and Sources: Data for Ireland are collected by the EPA and included in its reports. These provide the most regular data sources. Data for Ireland are also provided in the OECD publication, *Environmental Performance Reviews: Ireland* published in June 2000.

BASELINE SITUATION

Total Net Green House Gas Emissions, Ireland 1990 and 1998 and projections for 2000 (in kilo tonnes)

	Carbon Dioxide (CO ₂)	Methane (CH ₄)	Nitrous Oxide (N ₂ O)	HFC PFC SF6 ¹	Net total emissions as CO ₂ equivalent ²	% increase
1990	31,575	12,836	9,085	256	53,752	–
1998	40,028	13,631	10,069	256	63,239	17.65%
2000	42,675	13,139	9,630	799	65,252	21.39%

Source: Department of the Environment and Local Government (2000) *National Climate Change Strategy Ireland* and Environmental Protection Agency (2000) *Emissions to Air 1990-1998*.

Note: 1. The base year for these gases (HFCs, PFCs and SF6) is 1995 as agreed to in the Kyoto protocol, as data for emissions in 1990 are inadequate and emissions were insignificant until 1995. The initial estimations are that in 1995 total emissions of all these gases together represented 0.5 per cent of total emissions. This is expected to rise very rapidly to the period 2010. Much of the rise is due to the replacement of CFCs with HFCs.

2. Net emissions is total emissions less sinks (Kyoto basis).

The Burden-Sharing Targets Agreed by EU Member States (Emissions measured in M tonnes of CO₂ Equivalent)

	Change from 1990 (%)	Emissions 1990	Target 2008-2012
Ireland	+13.0	55	62
Denmark	-21.0	72	57
Netherlands	-6.0	217	204
UK	-12.5	790	691
EU Total	-8.0	4,264	3,922

Source: Department of the Environment and Local Government (2000), *Report of the Consultation Group on Greenhouse Gas Emissions Trading*.

Framework II: Prosperity and Economic Inclusion

Policy Objective:

2. Use increased prosperity to enhance our quality of life in the context of a fairer and more inclusive society

Indicator II.5: Infrastructural Investment Expenditure Per Capita.

Definition: State expenditure on infrastructure per capita nationally and regionally in purchasing power standards (PPS). The latter is essential for comparisons across the EU.

Rationale for Inclusion: The National Development Plan (NDP) clearly states that our infrastructure is under strain and insufficient to meet current or future economic and social needs. Infrastructural development has been unevenly distributed across the regions, with most taking place in major urban centres, their hinterlands and access routes to these. More balanced infrastructural investment is necessary if regional imbalances in economic growth are to be addressed and further FDI attracted to the regions. In addition, infrastructural investment has social implications, as it affects settlement patterns, employment opportunities, availability of services and general quality of life. This is of considerable importance to the Government's Regional Development and Spatial Strategies.

Used as an Indicator by: Department of Finance.

Data Availability and Sources: Some data are available from the Department of Finance for the 1993-1999 period. However, this is not considered to be very reliable. Data for the current National Development Plan (NDP) period of 2000-2006 will start to come on stream later this year. The Department of Finance are currently developing a database for this purpose. Data will be available from county level up and for each of the Operational Programmes, Sub-

Programmes, Measures and projects under the NDP. These data will be more reliable, consistent and regular than previous data on regional infrastructural expenditure.

Proxy: Until data become available *Transport Infrastructure Investment per capita* is the proxy for Infrastructure Investment per capita. It provides a comparative ranking for Ireland within the European Union. It is available for the 1990-96 period in the EU Transport in Figures Statistical Pocket Book (2000) and the Annual Competitiveness Report (National Competitiveness Council, 2000). In the 1990-1998 period Ireland ranked thirteenth in the EU on this indicator. This is consistent with its ranking on road and rail infrastructure (Appendix 2: Infrastructure A14 and A15).

Framework II: Prosperity and Economic Inclusion

Policy Objective: 2. Use increased prosperity to enhance our quality of life in the context of a fairer and more inclusive society

Indicator II.6: Housing Unit Stock and Completions: Local Authority and Private

Definition: This is the number of existing housing units (stock) and the number of completions in a given time period. The rate per 1,000 population takes into account population change.

Rationale for Inclusion: It is widely accepted that housing shortages are one of the main constraints on Ireland's continued economic growth and competitiveness, as well as a threat to social cohesion and quality of life. Changing demographics, mainly increased longevity, a rise in the number of people in the household formation stage and decreasing family sizes, as well as an expanding population due to inward migration, are among the factors contributing to the current and projected housing shortages. The stock of housing provides a snap shot picture of available housing unit at any one time while completions provide a dynamic indicator of change in the supply of housing.

Distinguishing between social and private housing is important. As house prices and private rents continued to rise, the demand for social housing has risen very substantially in recent years. The supply of new social housing units is an indicator of the Government's commitment to providing accommodation to those who can least afford housing from their own resources. Social housing completions have an impact on other housing sectors. Many of those who are eligible for social housing currently reside in unsuitable or unaffordable private rented accommodation. Social housing provision can lessen the demand for private rented stock,

thereby lessening some of the pressure in this currently overcrowded and generally expensive sector of accommodation.

This indicator should be used in conjunction with targets sets in the National Development Plan 2000-2006 and the Department of the Environment and Local Government report, *Action on Housing* (2000).

Used as an Indicator by: Department of the Environment and Local Government, Irish National Development Plan, Eurostat.

Data Availability and Sources: Data on total housing stock on an annual basis is available on request from the Department of the Environment and Local Government. These are estimates for each year other than years in which a full Census of Population is completed. The estimates are based on the actual figure for the previous census year, plus additions less an obsolescence rate. Data on Local Authority stock and all house completions is compiled on a quarterly basis by the Department of the Environment and Local Government and published in the *Quarterly* and *Annual Housing Statistics Bulletin*. Completions in all tenure types are based on the number of new connections to the Electricity Supply Board. There is a time-lag of approximately six months on these figures. The 2000 report became available in April 2001.

Two additional points should be noted in relation to these figures. First, while the total number of local authority houses completed is reported below, this does not represent the actual net increase in stock in local authority houses as many existing properties are sold during any one year. However, this is accounted for in both the Local Authority and total stock figures for the following year. This is why the difference between the Local Authority stock figures for consecutive years is lower than the number of completions and acquisitions for the same year. Second, data on completions of private houses include those that are specifically built as holiday/second homes, investment properties and new houses that are built for general purchase but are purchased as second homes. Ideally, these should be separated and removed from the figures, as they do not meet a primary housing need.

Housing Unit Stock and Completions 1990-2000

Year	Housing Stock			Housing Completions		
	Local Authority ¹ (per 1,000 population)	Private ² (per 1,000 population)	Ratio of Local Authority to Private	Local Authority ³ (per 1,000 population)	Private (per 1,000 population)	Ratio of Local Authority to Private
1990	98,495 (28.1)	916,505 (261)	1:9.3	1,003 (0.3)	18,536 (5.3)	1:18.5
1995	95,735 (26.6)	1,019,265 (283)	1:10.6	3,842 (1.1)	26,604 (7.4)	1:6.9
1996	97,219 (26.8)	1,026,019 (283)	1:10.6	3,573 (1.0)	30,132 (8.3)	1:8.4
1997	98,394 (26.9)	1,078,606 (295)	1:11	3,217 (0.9)	35,454 (9.7)	1:11
1998	98,862 (26.7)	1,113,138 (300)	1:11.2	3,282 (0.9)	39,093 (10.6)	1:11.9
1999	99,259 (26.5)	1,151,741 (308)	1:11.6	3,713 (1.0)	43,024 (11.5)	1:11.6
2000	99,163 (26.2)	1,193,837 (315)	1:12.0	3,207 (0.8)	46,657 (12.3)	1:14.6

Source: Department of the Environment and Local Government (1999), *Annual Housing Statistics Bulletin 1999* and requested figures provided by the Department of the Environment and Local Government; CSO (2000), *Population and Migration Estimates April 2000*: Dublin: Central Statistics Office.

- Notes:**
1. This stock figure refers to the number of Local Authority houses let on 31st December of the previous year.
 2. These figures are based on estimates provided by the Department of the Environment and Local Government.
 3. This includes housing completions and acquisitions.

Voluntary Housing Completions 1990-2000

Year	Voluntary House Completions
1993 ¹	890
1994	901
1995	1,011
1996	917
1997	756
1998	485
1999	579
2000 (p)	951

Source: Department of Environment and Local Government, Housing Policy and Statistics Unit.

Note: 1. Prior to 1993 the number of voluntary house completions was included in the private house completion figures. There are no data on voluntary housing stock.
(p) Provisional.

Framework III

Social Inclusion and Equality

Policy Objective

1. Reduce Income Poverty and Social Exclusion

Indicator III.1: Percentage of households in ‘Consistent Poverty’.

Definition: Consistent Poverty refers to the percentage of households whose disposable income is below 50 per cent or 60 per cent of the average disposable income and which also experience an enforced lack of certain basic necessities. These necessities are heating; one substantial meal each day; chicken, meat or fish every second day; a ‘roast’ or equivalent once a week; a warm coat; new rather than second hand clothes; and, being able to pay everyday household expenses without falling into arrears. The rate of consistent poverty is expressed as a range. The lower point of this refers to the proportion of households experiencing income poverty at the 50 per cent line and enforced deprivation of at least one of the above items, while the higher point refers to those experiencing income poverty at the 60 per cent line and enforced lack of one or more items.

Rationale for Inclusion: Consistent poverty is the measure of poverty used in the Irish National Anti-Poverty Strategy. Although poverty and social exclusion are not synonymous, the rate of poverty reflects the level of social and economic exclusion in a society. It also reflects a society’s commitment to the eradication of poverty and increased social justice.

Used as an Indicator by: Irish National Anti-Poverty Strategy.

Data Availability and Sources: The consistent poverty rate is derived from the Living in Ireland Survey, which is undertaken on an annual basis by the Economic and Social Research Institute. The most recent figures relate to 1998 and are available in Layte, R., B. Maitre, B. Nolan, D. Watson, C.T. Whelan, J. Williams and

B. Casey (2001), *Monitoring Poverty Trends and Exploring Poverty Dynamics in Ireland*, Dublin: ESRI. These data were available in late 2000 but a two-year time-lag is significant in the context of a rapidly changing society. The delay is even greater for disaggregated analysis; for example, by age, marital status, gender and region. In addition, because the data are based on a survey of those residing in private households they exclude some of the poorest people in Ireland, including the homeless, Travellers, and women and children in refuges. In addition, there are no comparative data on consistent poverty rates for the EU or OECD countries.

BASELINE SITUATION

Percentage of Irish Households Experiencing Consistent Poverty at the 50% and 60% Relative Income Poverty Line, 1994-19981

1994	1997	1998
9-15%	7-10%	6-8%

Source: Layte, R., B. Maitre, B. Nolan, D. Watson, C.T. Whelan, J. Williams and B. Casey (2001), *Monitoring Poverty Trends and Exploring Poverty Dynamics in Ireland*, Dublin: ESRI, and National Anti-Poverty Strategy (2000), *Social Inclusion Strategy: Annual Report of the Inter-Departmental Policy Committee 1999/2000*.

Note: 1. Consistent Poverty refers to the combined experience of income poverty at the 50 per cent or 60 per cent relative income line and enforced deprivation of one or more items considered to be necessities (see list above).

The 40 per cent, 50 per cent and 60 per cent relative income lines for a single adult in 1994, 1997 and 1998 are presented below. These are also expressed as a range. This reflects the equivalence scale used to weight households and income according to the number of adults and children in various households.

The scale used for the overarching NAPS target is one based on the scales implicit in Irish social welfare rates whereby the first adult is given a value of 1, each additional adult, defined as persons aged 14 and over, is given a value of 0.66 and each child 0.3. Cross-national analysis is usually based on the OECD scale where the first adult is

given a value of 1, each additional adult 0.7 and each child 0.5 or the ‘modified OECD’ scale where each additional adult is given a value of 0.5 and each child 0.3 (Layte et al: 2001).

Average Weekly Income per Adult Equivalent at the 40%, 50% and 60% Relative Income Poverty Lines, Ireland, 1994, 1997 and 1998

	1994	1997	1998
40% Line	£48.80-£52.56	£62.33-£67.00	£70.89-£76.38
50% Line	£61.00-£65.70	£77.92-£83.77	£88.62-£95.48
60% Line	£73.21-£78.83	£93.50-£100.52	£106.34-£114.58

Source: Layte *et al* (2001).

Proportion of Irish Households in Each Planning Region Experiencing Consistent Poverty at the 60% Relative Income Poverty Line, 1987, 1994 and 1997

	1987	1994	1997
East	13.6	13.6	8.9
South-West	16.3	13.0	11.1
South-East	16.9	18.3	13.4
North-East	20.6	12.8	14.0
Mid-West	19.7	13.4	7.3
Midlands	19.7	13.1	9.1
West	13.8	7.3	4.8
North-West and Donegal	22.9	23.5	11.5
State	16.4	14.9	9.8

Source: Fahey, T. and J. Williams, ‘The Spatial Distribution of Disadvantage in Ireland’ in Nolan, B., P.J. O’Connell, and C.T. Whelan, (eds.) (2000), *Bust to Boom: The Irish Experience of Growth and Inequality*, Dublin: Economic and Social Research Institute and Institute of Public Administration; and Nolan, B., C.T. Whelan and J. Williams, (1998) *Where are Poor Households?*, Dublin: Oak Tree Press with the Combat Poverty Agency.

Framework III Social Inclusion and Equality

Policy Objective

1. Reduce Income Poverty and Social Exclusion

Indicator III.2: Relative Income Poverty (below 40 per cent, 50 per cent and 60 per cent lines).

Definition: *Relative poverty* relates to the concept of exclusion from what is deemed an adequate living standard established by reference to ‘normal’ or ‘usual’ activities in a given society due to a lack of financial resources. It is usually expressed as the proportion of households or individuals that fall below a proportion of either the mean or median income of all households or the total population. The most common low income thresholds are 40 per cent, 50 per cent and 60 per cent of median or mean incomes. The *incidence of poverty* refers to the number or proportion of the total population that fall below relative poverty lines. *Poverty risk* refers to the proportion of a specific group that experience poverty. For example, the poverty risk of households headed by an unemployed person is the proportion of all households headed by an unemployed person that experience poverty.

Rationale for Inclusion: Relative income poverty is accepted as a key indicator of economic and social exclusion in cross-national analysis of developed countries. It is one of the key components of the consistent poverty measure on which the overarching NAPS target is based.

Used as an Indicator by: National Anti-Poverty Strategy, Eurostat.

Data Availability and Sources: Data are available for Ireland for the mid- and late-1990s from the Irish Living in Ireland Surveys (LIIS). These surveys are undertaken as part of the European Community Household Panel (ECHP). Data are currently available from the 1998 LIIS Survey, and data have been collected for 1999

and 2000. It is now almost certain that the final ECHP, and therefore the final LIIS, will take place in 2001. Data for these years are available from the ESRI. Eurostat is now concentrating on information needs at European level and within this on new data collection priorities and mechanisms in relation to poverty and inequality. National statistics bodies and research institutes are feeding into this process and will play a role in determining and shaping the indicators for which data will be collected.

Disaggregated data on relative poverty are available on a limited time series basis in the annual *Monitoring Poverty Trends* reports prepared for the National Anti-Poverty Strategy Inter-Departmental Policy Committee by the ESRI. While not presented in these reports, data can be broken down by gender, age and marital status on a commissioned basis. Regional data are available for planning regions (NUTS III).

BASELINE SITUATION

Incidence of Poverty: Proportion of Households and People Below the 40%, 50% and 60% Relative Income Poverty Lines, 1994, 1997 and 1998, Ireland¹

	1994	1997	1998
40% Line			
Households	4.8	6.3	10.5
People	5.2	6.3	8.1
50% Line			
Households	18.6	22.4	24.6
People	17.4	18.1	20.0
60% Line			
Households	34.1	34.3	33.4
People	30.4	30.1	28.6

Note: 1. Based on Equivalence Scale 1/0.66/0.33.

Risk of Poverty: Proportion of Various Household Types Falling Below the 50% Relative Income Poverty Line, 1994, 1997 and 1998, Ireland

	1994	1997	1998
1 adult	22.5	40.1	50.8
2 adults	9.3	14.1	17.3
3 or more adults	10.0	12.1	12.0
2 adults, 1 child	14.0	17.0	14.8
2 adults, 2 children	12.7	12.8	13.1
2 adults, 3 children	22.5	28.2	9.8
2 adults, 4 or more children	36.7	39.5	24.9
Others with children	32.7	26.2	28.6
All	18.6	22.4	24.6

Risk of Poverty: Proportion of Households with Reference Persons of Various Labour Force Status Falling Below the 50% Relative Income Poverty Line, 1994, 1997 and 1998

	1994	1997	1998
Employee	2.8	4.0	2.3
Self-employed	15.1	17.1	15.8
Farmer	21.5	16.3	22.0
Unemployed	57.3	54.9	56.2
Ill/disabled	50.7	60.4	72.6
Retired	10.2	23.3	28.7
Home duties	33.2	48.6	58.4
All	18.6	22.3	24.3

Source: Layte, R., B. Maitre, B. Nolan, D. Watson, J. Williams and B. Casey, (2000), *Monitoring Poverty Trends and Exploring Poverty Dynamics in Ireland*, Dublin: ESRI.

**Risk of Poverty: Proportion of Households in Each Planning Region
Experiencing Income Poverty at the 60% Relative Income Poverty Line
1987, 1994 and 1997**

	1987	1994	1997
East	19.3	29.1	31.6
South-West	31.0	34.4	34.4
South-East	33.3	40.0	47.9
North-East	35.7	38.2	51.1
Mid-West	32.9	39.2	36.3
Midlands	41.1	39.7	38.6
West	31.0	35.5	36.3
North-West and Donegal	42.6	43.5	44.0
State	29.0	34.7	36.7

Source: Fahey, T. and J. Williams, 'The Spatial Distribution of Disadvantage in Ireland' in Nolan, B., P.J. O'Connell and C.T. Whelan (eds.) (2000), *Bust to Boom: The Irish Experience of Growth and Inequality*, Dublin: Economic and Social Research Institute and Institute of Public Administration; and Nolan, B. C.T. Whelan and J. Williams (1998), *Where are Poor Households?*, Dublin: Oak Tree Press with the Combat Poverty Agency.

Framework III Social Inclusion and Equality

Policy Objective

1. Reduce Income Poverty and Social Exclusion

Indicator III.3: Social Welfare payments as a percentage of adequacy benchmark.

Definition: Department of Social Welfare rates of payments as a percentage of an adequacy benchmark.

No adequacy benchmark has been agreed. Recognising the complex issues involved in developing a benchmark for adequacy of adult and child social welfare payments including the implications of adopting a specific approach to the ongoing uprating or indexation of payments, the PPF mandated the establishment of a Working Group to examine the issues, including their long-term economic, budgetary, PRSI contribution, distributive and incentive implications in light of trends in economic, demographic and labour market patterns (3.2). The Group, which was composed of the social partners, completed its final report in September 2001.

Proxy: The Group did not agree on an adequacy benchmark for Social Welfare payments. The Group did, however, examine four options:

- (i) The 50 per cent average income threshold or poverty line;
- (ii) 27 per cent of Gross Average Industrial Earnings;
- (iii) 30 per cent of Gross Average Industrial Earnings; and
- (iv) The Commission on Social Welfare £60 rate in 1985 prices uprated to 1999.

(i) The 50 per cent average income threshold or poverty line

Based on the Living in Ireland Survey, the average weekly household equivalent income for 1998 was £187.23, giving a 50 per

cent Relative Income Poverty Line of £93.62 in 1998 terms. As this is a net measure the Group decided to up-rate this figure using increases in Net Average Industrial Earnings (NAIE) yielding £128.15 in 2001.

(ii) 27 per cent of Gross Average Industrial Earnings¹

When existing relativities are preserved the Pension Board's target rate for old age pensions of 34 per cent of the previous year's GAIE produces a basic welfare (Supplementary Welfare Allowance) rate of £93.10. This is equivalent to 27 per cent of the previous year's GAIE. This was estimated to be £101.00 for the lowest social welfare rate in 2001.

(iii) 30 per cent of Gross Average Industrial Earnings

The selection of this option by the Group was essentially arbitrary and designed to provide a balanced range of options for consideration. This was estimated to be £112.50 in 2001 terms.

(iv) Uprating the Commission on Social Welfare £60 rate

The Commission on Social Welfare, which reported in 1986, estimated the minimally adequate social welfare payment to be in the range of £50-£60 per week in 1985. The benchmark against which the adequacy of social welfare payments was judged up to 1999 was the floor of this range, that is £50 per week in 1985 prices and £71.80 in 1999 prices, and this was achieved in the 1999 Budget. Uprating the upper end of the range for inflation using the CPI yields £93.25 in 2001.

Rationale for Inclusion: The Programme for Prosperity and Fairness contains a commitment to “ensure that the real value of

1. Social Welfare payments have increased more in percentage terms than GAIE since 1987 but have increased less than NAIE. The difference between the gross and the net AIE reflects the impact of taxation changes in the latter. The NESF has pointed out that “this difference suggests that if a steady relationship is to be maintained with the disposable income of the general population a percentage of the NAIE rather than the GAIE should be used as a benchmark. This would have the advantage of a built-in mechanism for indexation over time (NESF, 1999:390).

social welfare payments is maintained and where possible enhanced to ensure that all share in the fruits of economic growth” (3.2).

Data Availability and Sources: Data shown below are taken from the Final Report of the Social Welfare Benchmarking and Indexation Group.

BASELINE SITUATION

Examples of currently weekly rates of social welfare payments and equivalents under the benchmark options (maintaining relativities) 2001

Social Welfare Payment	Current Rate	Commission on Social Welfare in 2001 terms	27% of Gross Average Industrial Earnings	30% of Gross Average Industrial Earnings	50% Weekly Household Income
Supplementary Welfare Allowance & Unemployment Assistance (short-term)	£84.00	£93.25	£101.00	£112.50	£128.15
Carers Allowance	£88.50	£98.30	£106.50	£118.50	£135.00
Old Age Non Contributory Pension	£95.50	£106.00	£114.90	£127.90	£145.70
Unemployment Benefit	£85.50	£94.90	£102.80	£114.50	£130.40
Old Age Contributory Pension	£106.00	£117.70	£127.50	£142.00	£161.70

Source: Final Report of the Social Welfare Benchmarking and Indexation Group (2001), Dublin: Government Stationery Office.

Social Welfare Payments as a Percentage of Gross and Net Average Industrial Earnings (GAIE and NAIE)

	1999	2001
Long term Social Assistance as % of GAIE	24%	23%
Long term Social Assistance as % of NAIE	31%	27%

Source: National Economic and Social Council (1999), *Opportunities, Challenges and Capacities for Choice*, p.388-389, and the Department of Social, Community and Family Affairs,

Note: In 1999 the long-term rate of Social Assistance was £73.50. Gross Average Industrial Earnings in 2001 amount to approximately £375 per week (uprated figure using estimates from the Department of Finance). If this figure is applied to a single person claiming the basic allowances, following tax and PRSI deduction it translates to a NAIE of approximately £310.36 per week. In 2001, the long-term rate of Social Assistance was £85.50.

Social Welfare Payments as a Percentage of uprated Commission on Social Welfare £60 rate

	1999	2001
Old Age Contributory Pensions:	103%	114%
Old Age Non-Contributory Pensions:	91%	102%
Unemployment Benefit and Long term Social Assistance:	85%	92%

Framework III Social Inclusion and Equality

Policy Objective 2. Improve the Health Status of the Population

Indicator III.4: Disability-Adjusted Life Expectancy at Birth and Age 60.

Definition: Disability-Adjusted Life Expectancy (DALE) (sometimes called Healthy Life Expectancy) is broadly defined by the World Health Organisation as “...the expectation of life lived in equivalent full health” (*The World Health Report 2000 Health Systems: Improving Performance*). It is calculated on the basis of overall life expectancy less years of ill health, which are weighted according to severity of the disability/illness. Some of the information used is taken from national vital statistics registrations, and some from national/international surveys. The measure takes into account physical and cognitive disability, general health status and major disabling conditions in each country.

Rationale for Inclusion: Disability-Adjusted Life Expectancy (DALE) is an indicator of the life expectancy and the long-term health of the population. It reflects changes not only in health care and medicine, but also in other areas such as housing, education and environmental services. It also has implications for a wide range of social policies relating to ageing. DALE has a number of additional advantages as a summary measure of health status. First, it is easily related to the more commonly used life expectancy, but goes beyond this by recognising that not all of a population’s life will be lived in good health. This is of particular relevance in developed countries, such as Ireland, where standard life expectancy is high, older populations are increasing and as a consequence disability/serious illness must be a key priority in terms of long-term health and health care. Secondly, because good health for as much of life as is possible has to be the primary objective of any health system,

performance on this indicator is relevant to health care, services and provision.

Used as an Indicator by: WHO, Eurostat, OECD, UN, World Bank.

Data Availability and Sources: Disability Adjusted Life Expectancy was compiled for the first time in 2000 on a country-by-country basis by the World Health Organisation. These data are available in *The World Health Report 2000 Health Systems: Improving Performance*. While not available prior to 1999, the WHO intend to use DALE as a key component of its measurement of health system performance and therefore data will be available for future years.

**Life Expectancy and Disability Adjusted Life Expectancy (DALE) in Years,
OECD Countries, 1999**

Country	Life Expectancy at Birth		Disability Adjusted Life Expectancy (DALE)					
	Male	Female	WHO Rank ¹ (191 Countries)	Total Population at Birth	Males at Birth	Males at Age 60 years	Females at Birth	Females at Age 60 Years
Japan	77.6	84.3	1	74.5	71.9	17.5	77.2	21.6
Australia	76.8	82.2	2	73.2	70.8	16.8	75.5	20.2
France	74.9	83.6	3	73.1	69.3	16.8	76.9	21.7
Sweden	77.1	81.9	4	73.0	71.2	16.8	74.9	19.6
Spain	75.3	82.1	5	72.8	69.8	16.8	75.7	20.1
Italy	75.4	82.1	6	72.7	70.0	16.2	75.4	19.9
Greece	75.5	80.5	7	72.5	70.5	16.9	74.6	18.8
Switzerland	75.6	83.0	8	72.5	69.5	16.0	75.5	20.6
Canada	76.2	81.9	12	72.0	70.0	16.0	74.0	18.9
Netherlands	75.0	81.1	13	72.0	69.6	15.4	74.4	19.7
UK	74.7	79.7	14	71.7	69.7	15.7	73.7	18.6
Norway	75.1	82.1	15	71.7	68.8	15.1	74.6	19.7
Belgium	74.5	81.3	16	71.6	68.7	15.8	74.6	19.6
Austria	74.4	80.0	17	71.6	68.8	15.2	74.4	18.7
Luxembourg	74.5	81.4	18	71.1	68.0	15.8	74.2	19.7
Iceland	76.1	80.4	19	70.8	69.2	14.9	72.3	17.0
Finland	73.4	80.7	20	70.5	67.2	14.5	73.7	18.5
Germany	73.7	80.1	22	70.4	67.4	14.3	73.5	18.5
USA	73.8	79.7	24	70.0	67.5	15.0	72.6	18.4
Ireland	73.3	78.3	27	69.6	67.5	13.9	71.7	16.6
Denmark	72.9	78.1	28	69.4	67.2	14.2	71.5	17.2
Portugal	72.0	79.5	29	69.3	65.9	14.0	72.7	17.7
New Zealand	73.9	79.3	31	69.2	67.1	14.4	71.2	17.0

Source: World Health Organisation (2000), *The World Health Report 2000 Health Systems: Improving Performance*, Geneva and Washington: WHO.

Note: 1. Rank refers to the Disability-Adjusted Life Expectancy of the total population at birth.

Framework IV Successful Adaptation to Continuing Change

Policy Objective

1. Create a Framework to Facilitate Lifelong Learning

Indicator IV.1: Percentage of 25-44 and 45-64 year adults in continuing education and training.

Definition: This is the proportion of adults aged 25 to 44 and 45 to 64 in education or training over a given period of time. Education and training tend to be broadly defined and may include in-company training, private tuition, correspondence courses, or distance learning, community education etc. This measure may relate specifically to job-related training, to recreational interests or personal development. In international comparisons it does not include education within the formal school system, therefore, an adult returning to secondary school to undertake the Leaving Certificate is not included here.

Rationale for Inclusion: Participation in adult education and training that is job-related has a key role to play in maintaining human capital and improving productivity. With the growth of technology, the importance of encouraging workers to upgrade their skills constantly has become increasingly important. However, adult education and training that is not job specific but related to personal development also has a key role to play in developing human capital, an adaptable workforce with a capacity to learn and change, and an active citizenry.

Used as an Indicator by: OECD.

Data Availability and Sources: International data are contained in the OECD's *Education at a Glance, 2000* (Table C1.4). Although this is an annual publication, the data used in both the 1998 and 2000 editions refer to 1994/1995 data collected as part of the International Adult Literacy Survey, which has not been replicated.

Although information is available on a country-by-country basis, no information is provided for the EU as a unit.

Although there is no current source of information on adult and continuing education in Ireland, this is an area where the potential for new data exists. The CSO is currently reconsidering and redesigning the education question included in the Quarterly National Household Survey. The Council recommends that this take into account the need for information on continuing education and training.

BASELINE SITUATION

Percentage of 25 – 64 Year Olds Participating in Continuing Education and Training by Age and Gender, 1994-1995

	25-34 yrs	35-44 yrs	45-54 yrs	55-64 yrs	25-64 yrs
Ireland					
Men	26	21	20	10	20
Women	30	30	19	8	24
All	28	25	20	9	22
Netherlands					
Men	51	42	36	13	38
Women	42	40	29	20	34
All	46	41	32	16	36
UK					
Men	57	52	44	23	46
Women	51	55	40	24	44
All	54	54	42	23	45

Source: OECD (1998), *Education at a Glance, 1998 Edition*.

Percentage of 25 to 44 and 44 to 64 year olds participating in education and training by gender (1994-1995)

	25-44 yrs	44-64 yrs	25-64 yrs
Ireland			
Men	24	15	20
Women	30	14	24
All	27	15	22
Netherlands			
Men	46	25	38
Women	41	25	34
All	44	24	36
UK			
Men	54	34	46
Women	53	32	44
All	54	33	45

Source: OECD (1998), *Education at a Glance, 1998 Edition*.

Framework I

Successful Adaptation to Continuing Change

Policy Objective

2. Create a society in which access to the labour market is open to all

Indicator IV.2: Employment rate.

Definition: Two definitions are commonly used: the proportion of persons aged 15 to 64 years who are in employment by the working age population (OECD, Eurostat Labour Force Surveys) and the persons aged 15 years and over in employment as a percentage of the population (calculated from the Irish QNHS surveys).

Rationale for Inclusion: This is the clearest indication of the demand for labour, reflecting economic activity and growth. High employment rates should also, although do not necessarily, indicate and contribute to improved social circumstances as it is widely agreed that employment is the most effective route out of poverty.

Used as an Indicator by: OECD, Eurostat, UN.

Data Availability and Sources: The employment rate for Ireland can be calculated on the basis of the ratio of the number of people in employment (ILO definition) and the population aged 15 years and over. This calculation has a different basis from the employment rate used in international publications, which refers to those aged 15 to 64 years in employment (broadly between the end of compulsory education and compulsory retirement). The international data are used here to allow for comparisons. The figures provided are taken from the annual OECD publication, *Employment Outlook*, June 2000 (Statistical Annex, Tables B and C).

Employment rates are not gender neutral. Women have lower employment rates than their male counterparts in most countries. Hence it is important that the breakdown of employment rates for men and women are presented. The figures provided are again taken

from the annual OECD publication, *Employment Outlook*, June 2000 (Statistical Annex, Tables B and C).

The regional classifications presented are based on the NUTS (Nomenclature of Territorial Units) classification used by Eurostat. The NUTS3 regions correspond to the eight Regional Authorities established under the Local Government Act, 1991 (Regional Authorities Establishment) Order, 1993, which came into operation on 1 January 1994. The NUTS2 regions, which were proposed by the Government and agreed by Eurostat in 1999, are groupings of the NUTS3 regions. A breakdown of employment rate by region, as given below, is not currently published in the Quarterly National Household Survey (QNHS), but can be requested from the Central Statistics Office.

BASELINE SITUATION

Employment Rates by Gender, ILO Classification (15-64 years)

	Men			Women			Total		
	1990	1997	1999	1990	1997	1999	1990	1997	1999
Ireland	67.8	67.6	73.5	36.6	44.6	51.3	52.3	56.1	62.5
Denmark	80.1	81.3	81.2	70.6	69.4	71.6	75.4	75.4	76.5
Netherlands	75.2	77.9	80.3	46.7	56.9	61.3	61.1	67.5	70.9
UK¹	82.1	77.4	78.4	64.0	67.1	67.6	72.4	70.8	71.7
EU 15	74.7	70.4	72.0	48.7	50.7	53.1	61.6	60.6	62.6

Source: OECD (2000), *Employment Outlook*, June 2000, Statistical Annex, Tables B & C.

Note: 1. Age group 15-64 refers to 16-64 in the case of the UK.

**Employment Rates (ILO) for Persons aged 15 years or over classified by
Region (NUTS3 and NUTS2)**

	LFS 1990	LFS 1997	Q2 2000
NUTS3 Regions			
Border	42.2	45.9	50.5
Dublin	47.0	51.1	60.5
Mid-East	45.8	52.8	60.1
Midland	45.7	49.8	52.8
Mid-West	45.2	47.2	56.3
South-East	44.5	46.7	53.5
South-West	44.1	47.7	54.3
West	47.6	48.2	55.0
NUTS2 Regions			
Border, Midland and Western	44.9	47.6	52.7
Eastern and Southern	45.7	49.5	57.7
State	45.5	49.0	56.4

Source: CSO, *Labour Force Surveys April 1990 and 1997 and Quarterly National Household Surveys Q2 (March-May) 2000.*

Framework IV Successful Adaptation to Continuing Change

Policy Objective

3. Develop high quality childcare and family-friendly policies

Indicator IV.3: Number of Childcare Places per 1,000 children aged 5 years and under (pre-school) and 6 to 15 years (after-school).

Definition: the number of childcare places available for (i) pre-school children and (ii) school-going children under the minimum school leaving age per 1,000 children in the relevant age groups.

Rationale for Inclusion: The issue of childcare has moved to the forefront of economic and social policy in the past number of years and is included in the National Development Plan as well as the previous and current national agreements. The availability of childcare is essential for a number of reasons. These include increased participation in the labour force, particularly by women, the attainment of family-friendly policies that support both economic and social inclusion, the attainment of equality in the work force and combating educational disadvantage.

It is important to distinguish between places available for pre-school children and the range of care types available to them (play groups/schools, crèches, childminders etc.) and after-school care (childminders, in-school provision, community-based after-school groups etc.). The demand for services for these two groups, the nature of services required and the patterns of usage of these can be expected to vary substantially. In relation to pre-school places a clear distinction should be made between full-time places, such as those provided by crèches, and part-time places, such as those provided by playgroups. This is of central importance in considering the issue of labour force participation. Of importance in relation to all types of childcare is the identification of the main funders or combination of funders of the services, that is parents,

the State or employers, as this is vital to the issue of affordability and the development of policy options to meet the demand for childcare.

Used as an Indicator by: OECD.

Data Availability and Sources: There are few data available at a central level on childcare in Ireland. A range of Government departments is involved in the provision of childcare and responsible for the collation of information on their various provisions and initiatives. Since 2000, however, the Department of Justice, Equality and Law Reform has been coordinating the delivery of childcare. Nonetheless little is known about the number of pre-school places that are available in community and private facilities and even less about after-school provision. Following the introduction of notification regulations in 1996, the Department of Justice, Equality and Law Reform undertook the creation of a Childcare Census and Database in 1999. This includes data on employer, community and private pre-school service providers who had notified the Health Boards of their services, but excludes Government programmes which provide a mixture of childcare and early education, such as Early Start. These data are available on a county-by-county basis in locations such as county libraries. A National report on the findings is being prepared by the Area Development Management Ltd. and should be available in mid-2002. In addition, the 33 recently established County Childcare Committees are being required to develop and update the statistical data on childcare services in each county. Data issues are also being considered by the Inter-Departmental Synergies Committee on Childcare, which is chaired by the Department of Justice, Equality and Law Reform.

Given the importance of childcare and its increasing policy relevance it is essential that comprehensive data relating to availability, access and affordability are collected. The inclusion of a module in the Quarterly National Household Survey has been explored by the Department of Justice, Equality and Law Reform and will probably be included in the June-August 2002 Survey. Initial results are expected by the end of 2002.

Framework IV Successful Adaptation to Continuing Change

Policy Objective

4. Create a framework for the further development of the Information Society

Indicator IV.4: Percentage of workers in the Information and Communications Technology (ICT) Sector.

Definition: The percentage of the workforce employed in the ICT sector.

Rationale for Inclusion: This indicator gives an indication of the ICT intensity of the economy. The Information Society Commission published its report, *Benchmarking Ireland in the Information Society*, in May 2000. Its objective was to identify the most appropriate set of indicators to facilitate the measurement of Ireland's progress in developing the Information Society. This is one of the indicators it used.

Used as an Indicator by: The Information Society Commission, OECD.

Data Availability and Sources: Data are available from the OECD in its publication, *Measuring the IT Sector, OECD* (2000), but the most recent data are for 1997.

BASELINE SITUATION

Percentage of the Workforce in the ICT Sector

	1996	1997
Ireland	–	4.6
Denmark	3.8	5.1
Netherlands	–	3.8
UK	3.8	3.8

Source: Information Society Commission (2000), *Update on Benchmarking Ireland as an Information Society*, September 2000.

Framework IV Successful Adaptation to Continuing Change

Policy Objective 5. Promote Ireland's role in the International Community

Indicator IV.5: Net Official Development Assistance (ODA) as a percentage of GNP.

Definition: ODA is defined by the UN as 'Grants or loans to countries or territories that are undertaken by the official sector, with promotion of economic development or welfare as the main objective, on concessional financial terms.' (UN *Human Development Report, 1999.*)

Rationale for Inclusion: ODA is a measure of the commitment of national governments to closing the gap between the First and Third Worlds, to global economic, social and environmental development and world-wide social justice. Ireland has set a target of increasing ODA to 0.7 per cent of GNP by 2007.

Used as an Indicator by: OECD, UN, Eurostat.

Data Availability and Sources: Figures for Ireland are produced by the Department of Foreign Affairs in their Annual Report and are given below. International data are published in the United Nations *Human Development Report*. The most recent edition of this was published in 2000. Two possible measures are used in calculating ODA as a percentage of GNP: ESA 79 and ESA 95³. The OECD and the UN used the former measure up to 1999. The latter measure was introduced across the EU in 1995 as a new system for calculating GNP.

3. ESA79 and ESA95 refer to two systems of national accounts applied by EU countries. ESA95 was, as the name suggests, introduced in 1995 and until 1997 Ireland operated a partial ESA95 system that incorporated two of the most substantial changes in the ESA79 system. These were the treatment of royalties as payments for services, where they had been treated as factor

BASELINE SITUATION

Official Development Assistance as a Percentage of GNP (ESA 79)

	1986/1987	1997	1999
Ireland	0.23%	0.31%	0.35%
Denmark	0.88%	0.97%	–
Netherlands	0.99%	0.81%	–
UK	0.29%	0.26%	–

Source: UN *Human Development Report 1999*, Table 14. The 1999 figure for Ireland is supplied by the Department of Foreign Affairs.

income under the ESA79 system, and the attribution of the entire profits of multinationals to the parent company in the transition from GDP to GNP. Under ESA79 only profits remitted were treated in this way. By 1998 Ireland was operating a full ESA95 system of accounts with changes introduced in respect of the treatment of capital formation, imputed rent, insurance and Government fees and taxes. Further details of these changes can be found in the Department of Finance's annual *National Income and Expenditure* publication.

Appendix 2

BACKGROUND INDICATORS

METHODOLOGY AND DATA NOTES

BACKGROUND INDICATORS

A. ECONOMIC

A. Economic

A(i) Macroeconomic Performance (2.1)

Indicator A.1: GDP and GNP percentage change

A.2 : GNP and GDP per capita percentage change

Proxy: For international comparisons, GDP is the commonly used measure.

Definition: GNP: the total value of goods produced in the country, less profits generated by foreign-owned companies. GDP: the total value-added produced in the country, including profits of foreign-owned companies.

Rationale for Inclusion: This is a standard measure of overall economic performance. The per capita data provide a picture of living standards at a given point in time, while the growth rates reflect the changes over time. Gross Domestic Product is used for the majority of other countries, but due to the high level of foreign investment and foreign-owned companies GNP is considered the more appropriate measure to apply to Ireland. Unlike in other countries, this high proportion of foreign-owned companies results in a relatively large difference between GDP and GNP.

Used as an Indicator by: OECD, UN, World Bank, Eurostat, National Competitiveness Council.

Data Availability and Sources: Per capita GDP and GNP and growth rate data are published annually by the CSO in *National Income and Expenditure*. The most recent data relate to 1999. For international comparison, data are available for GDP in the OECD publication, *National Accounts: Main Aggregates, Volume 1*. The most recent edition of this annual publication containing relevant

information covers the period 1960 - 1997. 'Real GNP and GDP' refer to them at constant 1995 market prices.

In this and other international comparisons, GDP and GNP per head are frequently expressed in terms of Purchasing Power Parities (PPPs). These are 'the rates of currency conversion that equalise the purchasing power of different currencies by eliminating differences in price levels between currencies' (OECD, *National Accounts Main: Aggregates 1960-1997, Volume 1*, p.159). These PPPs are then most commonly expressed in terms of US Dollars. The EU provides a similar measure of GDP per capita and growth in terms of Purchasing Power Standards (PPS). The data presented here on international growth rates refer to the annual growth rate of GDP (OECD *Economic Outlook*, No. 67, June 2000). The growth rates in GNP are taken from the Department of Finance's *Budget 2001* publication.

BASELINE SITUATION

Growth Rates in GDP (percentage change from previous year) at constant market prices

	1990-91	1997	1999	2000 ¹
Ireland	1.9% ²	10.7%	9.8%	9.9% (7.5)
Denmark	1.0%	3.1%	1.6%	2.2% (2.0)
Netherlands	4.1%	3.8%	3.6%	4.3% (4.1)
UK	0.6%	3.5%	2.1%	2.9% (3.3)
EU	3.0%	2.5%	2.3%	3.4%

Source: OECD (2000), *Economic Outlook*, No. 67, June 2000, Statistical Annex, Table 1, also in Eurostat (2000), *EC Economic Pocket Book December 2000* and CSO (2000), *National Income and Expenditure 1999*.

Note: 1. Figures for 2000 are OECD projections, those in brackets are EC projections.
2. 1990/1991 figure.

Growth Rates in GNP, Ireland (percentage change from previous year)

1991	1997	1999	2000 (projected)
2.3%	9.3%	7.8%	8.6%

Source: Department of Finance (2000), *Budget 2001* and CSO (2000), *National Income and Expenditure 1999*.

GNP and GDP per capita at Constant (1995) Market Prices, Ireland

	1990	1997	1999 (preliminary)
GNP Per Capita	8,418	11,774	13,384
GDP Per Capita	9,408	13,489	15,721

Source: Central Statistics Office (2000), *National Income and Expenditure 1999*.

GDP Per Capita PPPs (US\$) Current Prices

	1996	1997 estimated)
Ireland	18,484	20,634
EU	19,699	20,546
OECD	20,576	21,487

Source: OECD (1999), *National Accounts Main Aggregates 1960 1997, Volume 1, Table 2*.

A. Economic

A(i) Macroeconomic Performance (2.1)

Indicator A.3: GNDI per capita percentage change.

Definition: Gross National Disposable Income per capita percentage change.

Gross National Disposable income represents the income available for consumption expenditure and savings by adding net receipts of current international transfers to national product.

Rationale for Inclusion: This is a standard measure of overall economic performance.

Data Availability and Sources: GNDI growth rate data are published annually by the CSO in *National Income and Expenditure*. The most recent data relate to 1999.

BASELINE SITUATION

Gross National Disposable Income per capita per cent change

	1990	1997	1999
GNDI £ million	26,752	47,718	60,019 ¹
Annual Percentage change in GNDI (from previous year)	4.9 ²	14.0	10.7
GNDI per capita	7,637	13,036 ³	16,028 ³

Source: Central Statistics Office (1990), *Labour Force Survey 1990*, Table 2 and (2000), *National Income and Expenditure 1999*, Table 7.

Note: 1. Preliminary.
2. Change from 1990-1991.
3. Based on preliminary population figures of 3,660.6 million in 1997, 3,744.7 million in 1999 and 3,786.9 million in 2000. Data from the Central Statistics Office. Population in 1990: 3502.7 million.

A. Economic

A (i) Macroeconomic Performance (2.1)

Indicator A.4: Inflation

Definition: Inflation is measured by the rate of increase in a price index. Two measures can be used:

- (a) The GDP deflator measures the average annual rate of price change in the economy as a whole for the period shown.
- (b) The Consumer Price Index reflects changes in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals.

Which index is used depends on which set of prices in the economy is being examined. The GDP deflator reflects changes in prices for total gross domestic product. It is the most general measure of the overall price level and takes into account changes in Government consumption, capital formation, international trade and private consumption. As a general measure for use in policy, however, it is defective because of the long lags in deriving estimates and because it is often only an annual measure.

Consumer price indexes are produced more frequently and available on a more timely basis. They are also constructed explicitly, based on surveys of the cost of a defined basket of consumer goods and services. Consumer price indexes should, however, be treated with caution. The definition of a household and the geographical (urban or rural) and income group coverage of consumer price surveys can vary widely across countries, as can the basket of goods chosen. Although a useful indicator for measuring consumer price inflation within a country, the CPI is of less value in making comparisons across countries (World Bank, 2000: 243).

Rationale for Inclusion: Controlling inflation is one of the primary goals of monetary policy and is intimately linked to the growth in money supply.

Data Availability and Sources: Data are available from the Central Statistics Office in their publication *National Income and Expenditure*, published annually. Comparative data are available in the World Bank publication, *World Development Indicators* (2000), which provides annual average growth rates between 1990 and 1998, and in the OECD publication, *OECD Economic Outlook*, most recently published in 2000. Data are also available from the Department of Finance.

BASELINE SITUATION

Annual Percentage Changes in the GNP Deflator, GDP Deflator and the Consumer Price Index, Ireland

	1990-99	1990-91	1996-97	1997-98	1998-99	1999-2000
GDP Deflator	3.4	1.8	4.4	5.8	3.8	4.3
GNP Deflator	3.6	2.1	4.9	6.2	3.0	4.1
Consumer Price Index	2.2	3.2	1.5	2.4	1.6	5.6

Source: CSO (2000), *National Income and Expenditure, 1999* and (2001), *National Income and Expenditure, 2000*.

Consumer Price Index

	Average Annual % Growth 1980-1990	Average Annual % Growth 1990-1998
Ireland	6.8	2.2
Denmark	5.5	2.0
Netherlands	2.0	2.4
UK	5.8	3.0

Source: World Bank (2000), *World Development Indicators*, Table 4.16.

Consumer Prices – Percentage change from previous period

	1990	1997	1999
Ireland	3.3	1.4	1.6
Denmark	2.6	2.2	2.5
Netherlands	2.5	2.2	2.2
UK	9.5	3.1	1.6

Source: OECD (2000), *Economic Outlook*, Table 16.

GDP Deflators – Percentage change from previous period

	1990	1997	1999	2000
Ireland¹	-0.7	4.4	3.8	4.3
Denmark	3.6	1.6	2.6	2.6
Netherlands	2.3	2.0	1.5	2.7
UK	7.6	2.9	2.9	3.2

Source: OECD (2000), *Economic Outlook*, Table 14, and Department of Finance, *Budget 2000*.

Note: Irish figures for 1997 and 1999 are from the Department of Finance, *Budget 2000, Statistics and Tables*; 2000: CSO (2001) *National Income and Expenditure, 2000*.

A. Economic

A(i) Macroeconomic Performance (2.1)

Indicator A.5: General Government financial balances – surplus or deficit as a percentage of nominal GDP.

Definition: Trends in General Government financial balances; surplus/(deficit) as a percentage of nominal GDP.

Rationale for Inclusion: The Programme for Prosperity and Fairness agreed by the social partners is predicated on and dependent upon achieving continued strong non-inflationary economic growth. It states that in conditions of strong growth and against a background of favourable demographic trends, fiscal policy is to be conducted with the goal of maintaining significant budgetary surpluses in each year of the Programme. This fiscal parameter will lead to a further reduction in the burden of national indebtedness, freeing up further resources to underpin the sustainability of public policies (2.1).

Used as an Indicator by: OECD.

Data Availability and Sources: Data are available in the OECD publication *Economic Outlook*. The most recent edition of this was published in 2000. Data are also available in the Department of Finance publication, *Budget 2001: Statistics and Tables*, published in 2000.

BASELINE SITUATION

Trends in General Government Financial balances – surplus / (deficit) as a percentage of nominal GDP

	1990	1997	2000 ¹
Ireland	(2.2)	0.7	4.7
Denmark	(1.0)	0.1	2.8
Netherlands	(5.7)	(2.1)	0.6
UK	(1.5)	(2.0)	1.1

Source: OECD (2000) *OECD Economic Outlook December 2000* p.272, and Department of Finance (2000), *Budget 2001, Statistics and Tables*.

Note: Figures for 2000 are projections.

A. Economic

A(i) Macroeconomic Performance (2.1)

Indicator A.6: Debt/GNP
Debt/GDP

Definition: *The National Debt* is calculated net of domestic and foreign liquid assets whereas *the General Government Debt* is calculated on a gross basis. The debt of commercial state bodies is excluded from both the National and General Government debt.

The General Government Debt includes the cumulative gross debt of the local authorities and the non-commercial State-sponsored bodies as well as nearly all of the National Debt measured on a gross basis. It excludes Central Government liabilities to institutions classified within the General Government Sector; these are included in the National Debt.

Rationale for Inclusion: This is a standard measure of overall economic performance.

Used as an Indicator by: OECD.

Data Availability and Sources: Data are available from the Department of Finance in their publication (2000), *Budget 2001: Statistics and Tables*.

BASELINE SITUATION

Trend in National Debt and General Government Debt

Year	Total National Debt		General Government Debt ¹	
	£m	% of GNP	£m	% of GDP
1990	25,083	99.0	26,802	93.7
1997	30,689	66.1	34,342	65.1
1999	31,383	53.1	34,621	50.1
2000				39.1

Source: Department of Finance (2000), *Budget 2001, Statistics and Tables*.
2000: www.irlgov.ie.

Note: 1. ESA basis from 1990.

General Government gross financial liabilities – as a percentage of nominal GDP¹

	1990	1997	2000 ²
Ireland	93.7	65.1	42.9
Denmark	65.8	64.7	50.8
Netherlands	75.6	70.3	59.7
UK	39.1	58.9	49.7
EU (15)	58.2	75.7	70.9

Source: OECD (2000) *OECD Economic Outlook December 2000*, p.276.

Note: 1. General Government gross financial liabilities are based on ESA95/SNA93 definitions.

2. Figures for 2000 are OECD projections.

A. Economic

A(ii) Competitiveness (2.1)

Indicator A.7: Foreign Direct Investment (FDI) inflows as a percentage of GDP.

Definition: Foreign Direct Investment Inflows as a percentage of Gross Domestic Product.

Rationale for Inclusion: The internationally traded FDI sector has made a very strong contribution to Irish economic growth and development. Given the need to continue to achieve a significant level of job gains and to achieve a better regional distribution of internationally-traded sector employment, Ireland will need to continue to offer an attractive overall package to mobilise investment. Financial incentives are only one component of the overall package of support for FDI; other key factors are the availability of a skilled and educated labour force, a consistent and transparent corporate tax regime, high quality infrastructure and competitiveness business services (NESC, 1999).

Used as an Indicator by: OECD, National Competitiveness Council.

Data Availability and Sources: Data are available in the OECD publication *Main Economic Indicators*. The most recent edition of this was published in 2000. Data are also available in the Competitiveness Council's *Annual Competitiveness Reports*, which are based on the OECD data.

BASELINE SITUATION
FDI Inflow as a percentage of GDP

	1997	1998
Ireland¹	2.7 ²	3.1
Denmark	0.8 ²	3.7
Netherlands	2.4	5.9
UK	2.9	4.7
EU	1.2	–

Source: National Competitiveness Council (2000), *Annual Competitiveness Report 2000*.

Note: 1. GNP for Ireland.
2. Data refers to 1996.

A. Economic

A(ii) Competitiveness (2.1)

Indicator A.8: Percentage of Foreign Direct Investment (FDI) by Region.

Proxy: New Employment created by foreign-owned companies by Region.

Definition: Employment Creation by foreign-owned firms i.e. the number of new permanent jobs created by foreign-owned firms.

Rationale for Inclusion: The proportion of FDI by region is not available and according to the IDA is unlikely to be produced in the future. New employment created by foreign owned firms acts as a proxy for the level of investment in the regions by foreign-owned companies. This reflects employment created due to new investment by foreign-owned firms entering the regions, and also employment created by the expansion of foreign-owned firms already in place.

Used as an Indicator by: Forfás.

Data Availability and Sources: Data are collected on an annual basis through the Forfas Employment Survey. This covers foreign-owned firms supported by IDA, Enterprise Ireland, Shannon Development and Údaras na Gaeltachta. Data on Irish-owned firms is also collected and is shown below for comparative purposes. This is available for the eight NUTS III regions, although only the total number of jobs created is published in the annual report. Data on job gains (new jobs), job losses and net change has been supplied by Forfás.

BASELINE SITUATION

**New Permanent Jobs Created by Foreign-Owned Companies Supported
by IDA Ireland, Enterprise Ireland, Shannon Development and
Údaras na Gaeltachta 1994, 1997, 2000.**

	Job Gains			Job Losses			Net change in employment		
	1994	1997	2000	1994	1997	2000	1994	1997	2000
All regions	11,564	16,126	25,371	-6,347	-6,224	-9,330	5,217	9,902	16,041
South-East	876	946	1,075	-821	-543	-925	55	403	150
Border	1,452	1,042	1,807	-327	-803	-1,469	1,125	239	338
Mid-West	1,710	1,508	2,617	-829	-677	-939	881	831	1,678
South-West	1,289	1,662	4,359	-1,359	-1,186	-721	-70	476	3,638
Dublin	3,136	6,318	9,940	-1,701	-1,756	-3,105	1,435	4,562	6,835
West	1,346	1,794	2,640	-753	-702	-770	593	1,092	1,870
Mid-East	1,284	2,272	2,252	-295	-130	-680	989	2,142	1,572
Midlands	471	584	681	-262	-427	-721	209	157	-40

Source: Figures provided by Forfás.

**New Permanent Jobs Created by Irish-Owned Companies Supported
by Enterprise Ireland, Shannon Development and Údaras na Gaeltachta
1994, 1997, 2000.**

	Job Gains			Job Losses			Net change in employment		
	1994	1997	2000	1994	1997	2000	1994	1997	2000
All Regions	11,488	14,435	6,138	-9,555	-8,297	-11,505	1,933	6,138	6,847
South-East	1,444	1,325	300	-1,269	-1,025	-1,019	175	300	308
Border	1,765	1,746	435	-1,392	-1,311	-1,913	373	435	-263
Mid-West	1,137	853	133	-931	-720	-1,065	206	133	-3
South-West	1,393	1,673	656	-1,343	-1,017	-1,116	50	656	2,188
Dublin	2,833	5,490	2,888	-2,926	-2,602	-3,814	-93	2,888	3,511
West	1,292	1,407	653	-726	-754	-1,206	566	653	694
Mid-East	1,069	1,140	601	-732	-539	-750	337	601	545
Midlands	555	801	472	-236	-329	-622	319	472	-133

Source: Figures provided by Forfás.

A. Economic

A(ii) Competitiveness (2.1)

Indicator A.9: Total Investment as a percentage of GNP and GDP

Definition: Gross fixed capital formation (GFCF) as a percentage of GNP and GDP. This refers to public and private capital formation.

Gross fixed capital formation consists of resident producers' acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly or continuously in processes of production for more than one year (Central Statistics Office)

Rationale for Inclusion: This is a standard measure of overall economic performance.

Used as an Indicator by: Eurostat.

Data Availability and Sources: Data are available from the Central Statistics Office, in their annual publication *National Income and Expenditure*. This was last published in August 2000 and contains data up to and including 1999. International data are available on request from Eurostat.

BASELINE SITUATION

Gross Fixed Capital Formation at Current Market Prices and as a percentage of GNP and GDP

Description	1990	1997	1998	1999
	£ million			
Dwellings	1,146	3,359	4,185	5,209
Roads	211	420	506	605
Other building and construction	1,294	2,359	2,906	3,546
Costs associated with transfer of lands and buildings	186	404	522	686
Transport Equipment	1,082	1,628	1,960	2,937
Agricultural Machinery	92	174	197	225
Other machinery and equipment	1,167	1,960	2,654	2,621
Software	60	109	131	192
Exploration	12	161	138	79
Artistic originals	37	76	75	76
Gross fixed capital formation	5,287	10,650	13,275	16,175
As % of GDP	18.5%	20.2%	22.0%	23.4%¹
As % of GNP	21.0%	23.0%	25.0%	27.4%¹

Source: Central Statistics Office (2000) *National Income and Expenditure 1999*, Tables 5 and 15.

Note: 1. Preliminary.

Gross Fixed Capital Formation as a Percentage of GDP

	1997	1998	1999	2000
Ireland	20.2	22.0	23.4	–
Denmark	20.3	21.3	21.2	22.9
Netherlands	21.5	21.5	22.1	22.2
UK	17.3	18.6	19.1	19
EU 15	20.0	20.6	21.1	21.3

Source: Provided by Eurostat, Economy and Finance Information Section.

A. Economic

A(ii) Competitiveness (2.1)

Indicator A.10: Nominal unit labour costs, average annual percentage change.

Definition: Change in labour costs per unit of output produced.

Rationale for Inclusion: Labour costs are central to competitiveness.

Used as an Indicator by: Eurostat and OECD.

Data Availability and Sources: Data are available from the Department of Finance. Data are also available in the Eurostat publication, *EC Economic Data Pocket Book*, most recently published in 2000 and the OECD publication *OECD Economic Outlook*. The most recent edition was published in December 2000.

BASELINE SITUATION

Index of Unit Labour Costs in the Business Sector – National Currency

	Ireland	Netherlands	UK
1987	100.0	100.0	100.0
1990	99.7	100.0	126.8
1997	108.0	111.6	151.4
1999 ¹	113.9	116.9	165.5

Source: Department of Finance (2000) *Budgetary and Economic Statistics May 2000*, Table 44.

Note: 1. Estimate.

Nominal Unit Labour Costs percentage change

	1990	1997	2000 ¹
Ireland	1.0	-0.5	2.5(2.2) ²
Denmark	2.3	1.3	1.9(2.4) ²
Netherlands	1.5	1.1	2.4(2.0) ²
UK	9.6	2.9	2.6(3.7) ²
EU (15)	6.2	1.0	0.9(1.3) ²

Source: Eurostat (2000), *EC Economic Data Pocket Book December 2000* and OECD (2000) *OECD Economic Outlook*, June 2000, p.257.

Note: 1. Figures for 2000 are DG ECOFIN economic forecasts (Spring 2000).
2. Figures in brackets are OECD projections for 2000.

A. Economic

A(ii) Competitiveness (2.1)

Indicator A.11: Manufacturing Export Diversification by Country and Sector.

Definition: This indicator measures:

- (a) the degree to which exports are concentrated in one market or a number of small markets. The more evenly spread the export pattern of a country the lower the standard deviation; and
- (b) the degree to which industrial exports are concentrated in one sector or a small number of sectors.

Rationale for Inclusion: The greater the degree of export concentration, the greater the level of vulnerability to asymmetric sectoral or geographical shocks. Irish export concentration is currently extremely concentrated, reflecting the high dependence of the Irish economy on multinational enterprises and the UK.

The top five exporting sectors of manufacturing industries accounted for 59.9 per cent of Irish exports in 1999, compared to 58.2 per cent in 1998. These sectors include computer equipment, organic chemicals, electrical machinery, medical and pharmaceutical products and telecoms equipment (National Competitiveness Council, 2000:68).

The top five markets for Irish exports in 1999 were the UK, Germany, USA, France and the Netherlands. They accounted for 63.6 per cent of exports in 1999.

Used as an Indicator by: OECD, National Competitiveness Council.

Data Sources and Availability: Data are available in the National Competitiveness Council's Annual Reports, which refer to the OECD database. However, while the most recent edition was published in 2000, the data given relate to 1995, which makes it

relevant only as a benchmark for the period before Ireland's rapid economic expansion.

BASELINE SITUATION

Manufacturing Exports Concentration – standard deviation of exports by country and sector

	Manufacturing Exports concentration, standard deviation of exports	
	By country	By sector
	1995	1995
Ireland	0.0481	0.115
Denmark	0.0405	0.086
Netherlands	0.0468	0.090
UK	0.0413	0.107

Source: National Competitiveness Council (2000), Annual Report 2000, Table A8.

A. Economic

A(ii) Competitiveness (2.1)

Indicator A.12: Investment by Business in Research & Development (R&D).

Definition: This is the amount of money invested in R&D by Businesses as a proportion of GDP.

Rationale for Inclusion: In a global economy increasingly driven by technology and technological changes, simply following the lead set by other countries will ultimately limit productivity. It is important that as much R&D as is possible takes place here in order to ensure that Ireland develops both a skill base and a reputation for excellence in this increasingly important area. Businesses have a key role to play here in supplementing Government investment.

Used as an Indicator by: OECD, National Competitiveness Council.

Data Availability and Sources: Data are available for Ireland in the Annual Competitiveness Reports (Table A7) produced by the National Competitiveness Council. These draw on material from the OECD and also provide an international comparison. The most recently published data on investment by business on R&D refer to 1997 for the majority of countries.

BASELINE SITUATION

Investment in R&D by Businesses as a Percentage of GDP

	1996	1997
Ireland	1.13 Rank 13 of 27	1.18 Rank 10 of 26
Denmark	1.05 Rank 11 of 27	1.19 ¹ Rank 9 of 26
Netherlands	1.09 Rank 10 of 27	1.15 Rank 11 of 26
UK	1.34 Rank 8 of 27	1.22 Rank 8 of 26
EU	1.15	1.14
OECD	1.45	1.53

Source: National Competitiveness Council (2000) *Annual Competitiveness Report 2000*, Table A7, and (1998) *Annual Competitiveness Council Report 1998*, Table A7.

Note: 1. 1998 data.

A. Economic

A(ii) Competitiveness (2.1)

Indicator A. 13: Government Appropriations and Outlays on R&D as a proportion of GDP (Gboard).

Definition: This comprises Government expenditure on Research and Development activities as a proportion of GDP.

Rationale for Inclusion: This illustrates the level of priority given by national government to the development of a technologically advanced economy, a knowledge-based society, a skilled and adaptable workforce and population that can embrace technological advances. It is important that as much R&D as is possible takes place in Ireland in order to ensure that both a skill base and a good reputation in this increasingly important area is developed. This indicator can, in most instances, be further broken down to expenditure by sector, thereby showing the level of priority attached to different sectors.

Used as an Indicator by: Eurostat.

Data Availability and Sources: Data are available for Ireland and the OECD in the *Eurostat Yearbook: A Statistical Eye on Europe*. The most recent edition of this was published in 2000 and the most recent data contained here relate to 1998.

BASELINE SITUATION

Government Appropriations and Outlays on R&D as a proportion of GDP (Gboard)

	1997	1998
Ireland	0.32%	0.31%
EU 15	0.79%	0.76% (estimate)

Source: Eurostat (2000), *Statistical Yearbook: A Statistical Eye on Europe*.

A. Economic

A(iii) Infrastructure (2.3)

Indicator A.14: Road Infrastructure indicator.

Definition: This is a composite indicator using data on the length of the motorway network, the trunk road network, secondary roads and the population density.

Rationale for Inclusion: The road infrastructure indicator is one of the key competitiveness indicators used by the National Competitiveness Council. An effective, well-functioning transportation infrastructure is essential to overall economic performance and competitiveness. In view of the Irish economy's peripheral geographic location and its very high dependence on international trade and flows of inward investment, transport and logistics facilitating the movement of goods and people quickly, reliably and at reasonable cost are essential for competitiveness.

The strong economic growth of the past number of years has highlighted the inadequacies of the country's physical infrastructure and the need for substantial modernisation. Transport infrastructure investment in Ireland is among the lowest in the EU and has led to a significant capacity constraint. The top performing quarter of countries spent an average of almost 2.7 times as much on infrastructure per capita as Ireland did over the period 1990 to 1996.

Roads are the predominant mode of internal traffic in Ireland. Such a high dependence on roads is atypical of most other EU member states. At the same time road density is below the EU average. In terms of road infrastructure Ireland is at the bottom of the international comparison. In view of the wide gap that has opened up between the capacity of Ireland's road network and the demands being made upon it, further convergence in car ownership levels towards international norms will severely exacerbate pressure on road capacity. This will make intensification of transport congestion inevitable and act as a serious constraint on the economy's growth.

Significant upgrading of the road network is therefore urgently required.

The Council notes that while improvements in the road network are required, improvements in public transport, particularly in urban areas, can provide an alternative to private car use that is consistent with environmental concerns, lessen congestion and reduce commuting times.

Used as an Indicator by: National Competitiveness Council, EU and OECD.

Data Availability and Sources: National Competitiveness Council, *Annual Competitiveness Reports* – using data from *the EU Transport in Figures Statistical Handbook 2000* and the European Conference of Ministers of Transport (OECD) *Statistical Trends in Transport 1965-1994*.

BASELINE SITUATION

	1992	1994	1996
Ireland	2,029	4,336	4,773
Denmark	11,981	12,545	39,336
Netherlands	24,039	22,653	39,257
UK	12,229	11,569	11,786
EU	–	–	47,000

Source: National Competitiveness Council, *Annual Competitiveness Report 2000*, *Annual Competitiveness Report 1999*, *Annual Competitiveness Report 1998*.

A. ECONOMIC

A(iii) Infrastructure (2.3)

Indicator A.15: Rail Infrastructure indicator.

Definition: This is a composite indicator using data on the length of the rail network, the percentage electrified and the population density.

Rationale for Inclusion: An effective, well-functioning transportation infrastructure is essential to overall economic performance and competitiveness. In view of the Irish economy's peripheral geographic location, its very high dependence on international trade and flows of inward investment, transport and logistics facilitating the movement of goods and people quickly, reliably and at reasonable cost are essential for competitiveness.

The strong economic growth of the past number of years has highlighted the inadequacies of the country's physical infrastructure and the need for substantial modernisation. Transport infrastructure investment in Ireland is among the lowest in the EU and has led to a significant capacity constraint. The top performing quarter of countries spent an average of almost 2.7 times as much on infrastructure per capita as Ireland did, over the period 1990 to 1996.

Currently roads are the predominant mode of internal traffic in Ireland, which is atypical of most other EU member states. At the same time rail haulage is among the lowest in the EU, and is twice as low as the EU average. Rail infrastructure is the worst in the EU and rail vehicles are among the lowest per capita in the EU. Without adequate infrastructure, businesses will not use the railways and without sufficient usage rail services are not attractive for investment. In addition, improvements in public transport, including rail, particularly in urban areas, can provide an alternative to private car use that is consistent with environmental concerns and will lessen congestion and reduce commuting times.

Used as an Indicator by: National Competitiveness Council.

Data Availability and Sources: National Competitiveness Council, *Annual Competitiveness Reports* – using data from *the EU Transport in Figures Statistical Handbook 2000* and the European Conference of Ministers of Transport (OECD) *Statistical Trends in Transport 1965-1994*.

BASELINE SITUATION

	1992	1994	1998
Ireland	288	287	291
Denmark	2,897	3,878	6,107
Netherlands	8,744	8,771	8,815
UK	5,851	6,034	5,902
EU	–	–	9,410

Source: National Competitiveness Council, *Annual Competitiveness Report 2000*, *Annual Competitiveness Report 1999*, *Annual Competitiveness Report 1998*.

A. Economic

A(iv) Information Society (4.4)

Indicator A.16: Percentage of ICT-related exports.

Definition: Percentage of information and communications technology-related exports.

Rationale for Inclusion: This indicator measures the technology intensity of external trade. This provides an indication of development of the ICT sector and the level of dependence of an economy on trade in this area.

Used as an Indicator by: OECD, Information Society Commission.

Data Availability and Sources: Data are available in the OECD publication, *Measuring the ICT Sector*, most recently published in 2000, and from the Information Society Commission.

BASELINE SITUATION

Percentage of ICT-related Exports

	1998
Ireland	32.6
Denmark	8.3
Netherlands	14.6
UK	15.0

Source: Information Society Commission (2000), *Update on Benchmarking Ireland as an Information Society*, September 2000.

A. Economic

A(iv) Information Society (4.4)

Indicator A.17: Internet users and on-line hosts per 1,000 population.

Definition: Internet users and on-line hosts per 1,000 population.

Rationale for Inclusion : Internet access is a key indicator in measuring participation in the Information Society. One of the aims of the Information Society Commission was to encourage the uptake of new technologies among the general populace.

The Commission identified a gap between those classed as ‘early adopters’ of new technology and those who are ‘late adopters’. Early adopters are identified as being young, urban, employed and professional, with high incomes and high educational attainment. Late adopters are characterised as being older, rural/deprived urban and outside the workforce (e.g. housewives, non-professional) with lower income and lower educational attainment. Individuals and communities experiencing social exclusion generally in society are also at most risk of exclusion from the Information Society.

New technology can contribute to greater equality in social, economic and political terms by allowing individuals and groups to:

- enhance citizenship and social rights;
- share experience and information and learn from others;
- acquire skills to improve economic independence;
- promote partnership and community development through supporting strong local networks; and
- overcome the traditional disadvantages of geographical isolation.

In order to succeed as an Information Society the potential of new technology must be harnessed for the benefit of all citizens (Information Society, 2000).

Used as an Indicator by: OECD, United Nations, Information Society Commission.

Data Availability and Sources: Data are available from the Information Society Commission, the OECD report, *IT Outlook*, most recently published in 2000. and the United Nations Development Programme, *Human Development Report*, published annually.

BASELINE SITUATION

Number of Internet Users per 1,000 population

	1995	1998	2000
Ireland	11.2	72	214
Denmark	38.3	179	432
Netherlands	38.8	125	429
UK	25.6	137	328

Source: Information Society Commission (2000), *Update on Benchmarking Ireland as an Information Society*.

PCs per 1,000 population

	1996	1998		1996	1998
Austria	148.0	252.0	Spain	94.2	144.8
Belgium	167.3	286.0	Sweden	214.9	361.4
Finland	182.1	349.2	UK	192.6	263.0
France	150.7	207.8	Australia	311.3	411.6
Germany	233.2	304.7	Canada	192.5	330.0
Greece	33.4	51.9	China	3.0	8.9
Ireland	145.0	271.7	India	1.5	2.7
Italy	92.3	173.4	Japan	128.0	237.2
Netherlands	232.0	317.6	US	362.4	458.6
Portugal	60.5	81.3			

Source: World Bank (1998, 2001) *World Development Indicators 1998, 2001*. Data for 1999 included in the *World Development Indicators 2001* are from the International Telecommunication Union's (ITU) *World Telecommunication Development Report 1999*.

Households with a home computer (Quarter 3/1998 and Quarter 4/2000)

	Percentage which permanently have a computer in the dwelling	
	1998	2000
	%	%
<i>Regional Authority</i>		
Border	11.7	25.1
Dublin	24.6	37.9
Mid-East	25.4	38.8
Midland	13.1	28.5
Mid-West	15.3	30.6
South-East	15.6	29.0
South-West	16.7	30.8
West	13.4	27.1
<i>Sex of reference person</i>		
Male	19.9	33.6
Female	17.3	31.4
<i>ILO Economic Status of reference person</i>		
In employment	25.6	42.7
Unemployed	13.4	23.6
Not economically active	11.2	20.6
<i>No. of persons employed in the household</i>		
None	3.9	7.8
1	18.9	32.8
2	29.1	47.8
3 or more	31.1	50.6
<i>All households</i>	18.6	32.4

Source: Central Statistics Office (2001), *Quarterly National Household Survey, Home Computing, Fourth Quarter 2000*, CSO.

Internet connection as a percentage of households with a computer

	1998	2000
<i>Regional Authority</i>		
Border	22.1	62.0
Dublin	31.0	66.5
Mid-East	26.0	64.1
Midland	21.7	55.4
Mid-West	23.4	58.1
South-East	25.3	63.0
South-West	23.3	62.9
West	23.0	57.0
<i>Sex of reference person</i>		
Male	28.2	64.8
Female	25.1	61.4
<i>ILO Economic Status of reference person</i>		
In employment	27.9	64.9
Unemployed	20.1	54.0
Not economically active	24.4	58.8
<i>No. of persons employed in the household</i>		
None	23.9	52.7
1	26.7	61.9
2	28.5	64.9
3 or more	23.7	64.5
<i>All households with a computer</i>	26.8	63.0

Source: Central Statistics Office (2001), *Quarterly National Household Survey, Home Computing, Fourth Quarter 2000*, CSO, Table 3.

A. Economic

A(iv) Information Society (4.4)

Indicator A.18: Percentage of schools linked to high-speed networks.

Definition: High-speed networks refers to those who have internet access by ISDN.

Rationale for Inclusion: Under the eEurope 2002 Action Plan the member states commit themselves to

- provide all schools and students with convenient access to the Internet and multi-media resources (where appropriate using Structural Funds) – deadline end-2001;
- provide training, where appropriate to all teachers – deadline end-2002;
- adapt school curricula to enable new ways of learning, using information and communication technologies – deadline end-2002; and
- ensure that all pupils have the possibility of being digitally literate by the time they leave school – deadline end-2002.

The objectives of the Department of Education and Science for the 2000-2002 period are :

- that every classroom will be connected to the Internet with high-speed access;
- that the ratio of pupils to computers will be significantly reduced;
- that Irish teachers will have the most comprehensive training available to them; and
- that technology will be used to implement the most advanced curriculum support programme in the world.

The Information Society Commission have adopted the indicator: Number of PCs per 1,000 pupils. This, they state, will give an

indication of the penetration of new technologies within schools. They recognise that this is a basic measure, which could be supplemented with an indicator on PCs with Internet connections to get a more comprehensive picture.

Data source: Some data are available from the National Centre for Technology in Education, which was established under the aegis of the Department of Education and Science to implement the Schools IT2000 initiative. It carried out a survey in 1998 and again in 2000. In the 2000 survey all primary and post-primary schools were sent questionnaires, with a return rate of 80 per cent. Some data from the survey are provided below, although a report has not yet been published. Some of the preliminary data are also published in the Third Report of the Information Society Commission (December, 2000).

BASELINE SITUATION

Percentage of schools linked to high-speed networks (Based on figures available from the NCTE for June 2000)

	1998	2000	% increase
Approximate no. of computers in primary and secondary schools	36,048	59,651	65%
Ratio of Pupils to PCs	Primary Schools 35:1 Post Primary Schools 16:1	Primary Schools 17.7:1 Post Primary Schools 13:1	
Percentage of schools with Internet access (ISDN) connection	Primary Schools – Post Primary Schools 5.3%	Primary Schools 14.9% Post Primary Schools 69%	

Source: Information Society Ireland (2000), *Third Report of Ireland's Information Society Commission, December 2000* and the National Centre for Technology in Education (unpublished data).

A. Economic

A(iv) Information Society (4.4)

Indicator A.19: IT graduates as a percentage of all graduates.

Proxy: Computer science and mathematics graduates as a proportion of all graduates.

Definition: The number of tertiary students graduating in computer science and mathematics as a proportion of all graduates. This includes those qualifications awarded by both non-university tertiary institutions and universities.

Rationale for Inclusion: Given the now well-recognised growth in the information and knowledge-based society and economy, it is essential that a sufficient skills base is available to Irish industry if it is to keep pace with developments in this area. This is becoming increasingly important with the growth in e-commerce. In addition, the development of a workforce with a high level of technological skills is essential if Ireland is to maintain its competitive position and continue to attract foreign direct investment.

Used as an Indicator by: OECD, Information Society Commission

Data Availability and Sources: Although the OECD is now producing information on graduates in computing, with data available for 1998, the suggested proxy is considered more appropriate as many mathematics courses contain training or modules in computer programming.

Data are available for Ireland in the OECD publication, *Education at a Glance*, which also provides international data. The most recent report was published in June 2000 and contains data referring to 1998 for the majority of countries. However, the basis of the indicators used changes between previous reports and the current one. Therefore, the data for 1998 given below are based on the amalgamation of two categories: computing, and mathematics and statistics. These are separated in the most recent report but were presented as one category in previous editions.

BASELINE SITUATION

Computer Science and Mathematics Graduates as a Proportion of all Graduates

	Non-University		University	
	1996	1998	1996	1998
Ireland	6%	10.3%	6%	6.4%
OECD Average	3%	3.9%	3%	3.5%

Source: OECD (2000), *Education at a Glance*, 2000 Edition.

B. Socio-Economic Indicators Promoting Autonomy/ Self Sufficiency

B(i) Labour Market (2.1)

Indicator B.1: Unemployment percentage of the Labour Force

Definition: Much discussion has taken place on the most appropriate definition and consequently the count of the unemployed. In Ireland three measures are used: the ILO unemployment count, the Principal Economic Status (PES) count and the Live Register count (see page 411–412 of *Opportunities, Challenges and Capacities for Choice* for more detail on these measures). Here, the ILO definition and count is used due to its rigour in classifying the unemployed and its wide use in international comparisons. Using this definition, the unemployed constitute those who have not worked for pay for even one hour in the previous week, who have actively sought work in the previous four weeks and who are available to take up employment within two weeks.

Rationale for Inclusion: The unemployment rate is an indicator of both the supply of and demand for labour, with low unemployment being associated with economic growth and stability. In addition, the risk of income poverty and consistent poverty, and therefore of social exclusion is found to be high among the unemployed. Reducing the rate of unemployment will go some way to reducing both economic and social exclusion.

Used as an Indicator by: OECD, UN, Eurostat, World Bank.

Data Availability and Sources: For Ireland data are available up to 1997 in the annual Labour Force Surveys produced by the CSO. Figures relate to the month of April, as this corresponds with the date of the annual survey. Since 1997, data are available from the Quarterly National Household Survey. This provides one of the most up-to-date counts of the unemployed and is given below. The data used for international comparison are taken from the OECD publication, *Economic Outlook, June 2000*.

BASELINE SITUATION

Unemployment Rates by Age and Gender for the Population Aged 15 years and over

	April 1990	April 1997	Mar – May 2000	Sep – Nov 2000
Men	12.7	10.4	4.3	3.9
Women	14.0	10.3	4.2	3.8
Total	13.2	10.3	4.3	3.9

Source: Central Statistics Office, *Labour Force Survey 1997* and *Quarterly National Household Survey, Fourth Quarter 2000*.

Unemployment Rates by Age and Gender – International Comparison

	Ireland			EU 15		
	1990	1997	1999	1990	1997	1999
Men						
15 - 24	18.9	16.9	8.6	13.6	18.8	16.1
25 - 54	11.8	9.7	5.7	5.3	8.1	6.9
55 - 64	8.5	6.4	4.2	6.2	9.3	8.4
Total 15 - 64	12.8	10.6	6.1	6.7	9.6	8.2
Women						
15 - 24	16.1	15.2	8.3	18.3	22.5	18.6
25 - 54	13.5	9.3	4.8	9.2	10.8	9.8
55 - 64	8.3	4.9	4.3	6.9	9.7	9.0
Total 15 - 64	14.0	10.4	5.5	10.8	12.4	10.9
Population						
15 - 24	17.6	16.1	8.5	15.8	20.5	17.2
25 - 54	12.4	9.5	5.3	6.8	9.3	8.1
55 - 64	8.4	6.0	4.2	6.5	9.5	8.6
Total 15 - 64	13.2	10.5	5.8	8.4	10.8	9.3

Source: OECD, *Employment Outlook, June 2000* Statistical Annex, Tables B and C.

Unemployment Rate classified by NUTS2 Region

Region	April 1997	March – May 2000
Border, Midland and Western	10.5%	5.7%
Eastern and Southern	10.3%	3.8%
State	10.3%	4.3%

Source: CSO, *Quarterly National Household Survey*, February 2001, Table 6a.

Unemployment Rate classified by NUTS3 Regions

Region	Mar-May 1998	March-May 2000
Border	10.4%	6.6%
Midlands	8.0%	5.5%
West	6.6%	5.0%
Dublin	7.2%	3.4%
Mid-East	7.1%	3.7%
Mid-West	6.9%	4.0%
South-East	9.7%	4.9%
South-West	7.9%	3.8%
State	7.8%	4.3%

Source: CSO, *Quarterly National Household Survey*, February 2001, Table 6b and December 1999, Table 4b.

B. Socio-Economic Indicators Promoting Autonomy/Self Sufficiency

B(i) Labour Market (2.1)

Indicator B.2: Long-Term Unemployment as a percentage of the Labour Force.

Definition: The Central Statistics Office refers to the long-term unemployment rate as the number of persons unemployed for one year or more expressed as a percentage of the total labour force. The ILO classification, as used by the Central Statistics Office in their Quarterly National Household Surveys, is used below.

The OECD data presented below, while also referring to persons unemployed for one year or more, is expressed as a percentage of total unemployed, rather than total labour force.

Rationale for Inclusion: The risk of income poverty and consistent poverty, and therefore of social exclusion, is particularly high among those who are long term unemployed. Reducing the rate of long-term unemployment will go some way to reducing both economic and social exclusion. A commitment is given in the Programme for Prosperity and Fairness to ‘effectively eliminate long-term unemployment’ (4.2, Objectives).

Used as an Indicator by: OECD, UN, Eurostat.

Data Availability and Sources: For Ireland data are available up to 1997 in the annual Labour Force Surveys produced by the CSO. Figures relate to the month of April, as this corresponds with the date of the annual survey. Since 1997, data are available from the Quarterly National Household Survey. This provides one of the most up-to-date counts of the unemployed and is given below. The data used for international comparison are taken from the OECD publication, *Economic Outlook, June 2000*.

BASELINE SITUATION

Long-Term Unemployment Rate – ILO (expressed as a percentage of the total labour force)

Period	Long-Term Unemployment Rate
April 1990	8.3%
April 1997	5.6%
Mar-May 2000	1.6%

Source: CSO, *Quarterly National Household Survey, February 2001*, Table 14.

Long-Term Unemployment by Sex

	April 1997	Mar-May 2000
Men	6.3%	2.0%
Women	4.6%	1.0%
Total Persons	5.6%	1.6%

Source: CSO (2001), *Quarterly National Household Survey, Fourth Quarter*, Table 15 and May 1998, Table 1 & 5.

Long-Term Unemployment by Region – NUTS III (expressed as a percentage of total unemployment)

Region	1990	1997	1999
Border	70.0%	58.7%	50.1%
Midlands	57.3%	55.6%	54.3%
Mid East	65.5%	51.1%	36.9%
West	56.0%	46.9%	41.8%
Mid West	67.9%	50.8%	32.1%
South West	64.2%	49.0%	39.0%
South East	65.4%	57.0%	46.4%
Dublin	62.5%	56.9%	41.0%
State	63.9%	54.3%	40.6%

Source: CSO – Compiled by NDP/CSF Evaluation Unit.

**Long-Term Unemployment by Region – NUTS III
(expressed as a percentage of total unemployment)**

	1990	1997	1999
Border, Midlands and Western	63.2%	54.0%	48.5%
Southern and Eastern	64.1%	54.2%	40.5%

Source: CSO – Compiled by NDP/CSF Evaluation Unit.

**Incidence of Long-Term Unemployment in Europe
(expressed as a percentage of total unemployment)**

	1990	1997	1999	2000
Ireland	63.9%	54.3%	40.6% ¹	35.2% ²
Denmark	29.9%	27.2%	20.5%	–
Netherlands	49.3%	49.1%	43.5%	–
UK	34.4%	38.6%	29.8%	–
EU	48.6%	50.1%	47.5%	–

Source: OECD (2000), *OECD Employment Outlook, June 2000*, Table G, CSO (2001), *Quarterly National Household Survey, Fourth Quarter 2000*.

Note: 1. Figure from the QNHS, Feb 2001, Table 14, refers to the period Sep-Nov, 1999.
2. Figure from the QNHS, Feb 2001, Table 14, refers to the period Sep-Nov, 2000.

**Incidence of Long-Term Unemployment in Europe
(expressed as a percentage of total male and female unemployment)**

	1990		1997		1999		2000	
	Men	Women	Men	Women	Men	Women	Men	Women
Ireland	71.1%	56.8%	63.3%	46.9%	49.0% ¹	28.0% ¹	44.9% ²	20.1% ²
Denmark	27.8%	32.0%	26.3%	27.9%	20.9%	20.1%	–	–
Netherlands	55.2%	44.6%	49.9%	48.5%	47.7%	40.4%	–	–
UK	41.8%	23.7%	44.9%	27.8%	34.8%	21.6%	–	–
EU	47.0%	50.1%	48.5%	51.8%	46.2%	48.9%	–	–

Source: OECD (2000), *OECD Employment Outlook, June 2000*, Table G, Central Statistics Office (2001), *Quarterly National Household Survey, Fourth Quarter 2000*.

- Note:**
1. Figure from the QNHS, Feb 2001, Table 15, refers to the period Sep-Nov, 1999.
 2. Figure from the QNHS, Feb 2001, Table 15, refers to the period Sep-Nov, 2000.

B. Socio-Economic Indicators Promoting Autonomy/Self Sufficiency

B(i) Labour Market (2.1)

Indicator B.3: Part-time employment as a percentage of the labour force.

Definition: The Irish figures below present part-time employment as a percentage of the total labour force. The OECD data presents part-time employment as a percentage of employment and refers to persons who usually work less than thirty hours per week in their main job.

The CSO do not define ‘part-time employment’. It is left to the respondent to self-assess the nature of their employment.

Rationale for Inclusion: Historically, the position has been that the majority of part-time workers were women, and that these jobs in general were low paid, with no or limited access to pensions and other benefits, thus having a disproportionate impact on the pay and conditions of women employees. Over the period 1986 to 1998 the European Court of Justice has established that unequal treatment of part-time workers could amount to unlawful indirect discrimination, where the treatment impacted disproportionately on one sex.

Monitoring the extent of participation in part-time employment also gives some indication as to the take-up by men and women of the greater opportunities for flexible employment which are becoming available, such as job sharing, work sharing etc.

Used as an Indicator by: OECD, Eurostat.

Data Availability and Sources: For Ireland, data are available up to 1997 in the annual Labour Force Surveys produced by the CSO. Figures relate to the month of April, as this corresponds with the date of the annual survey. Since 1997 data are available from the Quarterly National Household Survey. This provides one of the most up-to-date counts of the unemployed and is given below. The

data used for international comparison are taken from the OECD publication, *Economic Outlook, June 2000*.

BASELINE SITUATION

Part-time employment¹ as a percentage of the labour force

	1990	April 1997	Mar-May 2000
Men	2.9%	4.8%	6.9%
Women	14.6%	20.7%	29.4%
Total Persons	6.9%	11.0%	16.1%

Source: CSO, *Labour Force Survey, 1990*, Table 29, and *Quarterly National Household Survey*, February 2001.

Note: 1. Refers to those classifying themselves as part-time not under-employed and part-time under-employed as per ILO measurement.

Part-time employment as a proportion of men's and women's employment

	1990		1997		1999	
	Men	Women	Men	Women	Men	Women
Ireland	4.2%	20.5%	7.0%	27.2%	7.9%	31.9%
Denmark	10.2%	29.6%	11.1%	24.2%	8.9%	22.7%
Netherlands	–	–	8.7%	30.2%	7.2%	26.9%
UK	5.3%	39.5%	8.2%	40.9%	8.5%	40.6%
Europe	4.2%	27.0%	5.7%	29.4%	6.0%	30.3%

Source: OECD (2000), *OECD Employment Outlook, June 2000*, Table E.

B. Socio-Economic Indicators Promoting Autonomy/Self Sufficiency

B(ii) Family-friendly policies (1.3, Annex IV and 4.3)

Indicator B.4: Percentage of workers in enterprises adopting family-friendly practices such as job sharing, work-sharing, part-time work, flexi-time, flexi-place/teleworking and term-time working.

Definition: Family-friendly work arrangements (FFWAs) refer to the range of work arrangements that exceed the statutory minimum and which assist employees to combine employment with their caring responsibilities and personal life outside the workplace. Such arrangements include job sharing, work-sharing, part-time work, flexi-time, flexi-place/teleworking and term-time working (Equality Authority).

Rationale for Inclusion: The development of appropriate measures to assist in reconciling work and family life is important to underpin economic and equality objectives. Family-friendly working arrangements assist employees to balance work with life outside the workplace and also assist employers to recruit and train a versatile workforce, which is essential in a tightening labour market. The importance of facilitating equality of opportunity for men and women in the workplace also underscores the desirability of developing policies that can assist parents in reconciling work and family life.

The 1999 EU Employment Guidelines have detailed the importance of designing, implementing and promoting family-friendly policies. The NESCA has also indicated a need for striking a balance between work and family responsibilities.

Used as an Indicator by: Quantitative measure not used, but there is increasing emphasis on the concept in analysis of labour markets by the EU and the OECD.

Data Availability and Sources: While work has been carried out by the Equality Authority on family-friendly work arrangements in small and medium-sized enterprises, by IBEC with regard to its members and by the Department of Social Community and Family Affairs and the IPA on the role of flexible working arrangements in balancing work and family life, no data are available on a national basis on the percentage of workers in enterprises adopting family-friendly practices.

Under the Programme for Prosperity and Fairness the Government and Social Partners agreed that a National Framework for Family-Friendly Policies should be established to support family-friendly policies at the level of enterprise. IBEC, public sector employers and ICTU agreed to undertake a number of actions within the framework (p.44). A National Family-friendly Framework Committee was charged with the task of implementing this agreement. The Committee is comprised of representatives of IBEC, Public Sector employers and ICTU and is chaired by the Department of Enterprise, Trade and Employment. The Committee is currently examining how the situation regarding the number of enterprises adopting family-friendly practices can be monitored.

Until data become available one possible proxy measure which could be used is the percentage of public service workers in enterprises adopting family-friendly practices.

B. Socio-Economic Indicators Promoting Autonomy/Self Sufficiency

B(ii) Family-friendly Policies (1.3, Annex IV and 4.3)

Indicator B.5: Employment rates for men and women aged 20 to 44 years with and without a child aged 0-5.

Definition: A comparative index compares employment rates for men and women without children and with a child 0-5 years. The closer the value of the index to one the more similar is the impact of parenthood on the employment rates of women and men. In interpreting this table it is important to bear in mind that the mid-range scores for Spain, Italy and Greece are due to the fact that they have exceptionally low employment rates for women without children.

Rationale for Inclusion: While female labour force participation has been rising rapidly, it still remains low by international standards for women with young children. Despite the substantial increase in female labour force participation, barriers exist that hinder even greater participation. The most significant of these is the availability of good quality, affordable childcare in addition to other family-friendly workplace policies, such as paid parental leave, worksharing, etc. Choice with regard to participation in the labour market is important in terms of (a) facilitating equality of opportunity for men and women in the workplace (b) women's economic independence, and (c) maximising labour supply in a tightening labour market.

Data Sources and Availability: The most recent available data are from the 1997 European Labour Force Survey.

BASELINE SITUATION

Employment rates for 20 to 44 year olds with and without a child aged 0-5

	Comparative Index	Men No children	Women No children	Men Child aged 0-5	Women Child aged 0-5
Ireland	1.9	81	81	87	46
Germany	1.8	83	83	90	49
Luxembourg	1.8	93	84	98	49
UK	1.7	85	87	90	53
Spain	1.7	88	67	90	40
Netherlands	1.6	88	86	95	60
Italy	1.6	91	68	92	45
France	1.5	79	72	91	56
Greece	1.5	82	60	96	48
Austria	1.3	89	85	94	68
Belgium	1.2	87	77	92	66
Portugal	1.2	92	83	96	72
EU 12	1.7	84	79	91	52

Source: European Commission (1999), *Joint Employment Report 1999*, Luxembourg: Office of Official Publications of the European Communities.

B. Socio-Economic Indicators Promoting Autonomy/Self Sufficiency

B(iii) Education (2.1/3.1 and 4.1)

Indicator B.6: Percentage of the population (25-64) that has attained at least upper second-level education and sub-groups within this.

Definition: As above.

Upper secondary level usually consists of two to five years of schooling. Admission into educational programmes at the upper secondary level requires the completion of the lower secondary level of education or a combination of basic education and vocational experience that demonstrates an ability to handle the subject matter. Upper secondary level education may be either terminal, preparing students for entry directly into working life, or preparatory, preparing students for tertiary education.

Rationale for Inclusion: A well-educated population is important for the social and economic well-being of countries and individuals. Education plays a role in providing individuals with knowledge, skills and competencies to participate more effectively in society. Level of educational qualification is particularly associated with labour market experience, with upper secondary education widely considered as the minimum level required to protect people, to a certain extent, from unemployment over their lifecycle. Given the very close link between labour market experience and poverty, education is also closely associated with risk and experience of poverty and social exclusion.

Used as an Indicator by: OECD, National Competitiveness Council, National Anti-Poverty Strategy.

Data Availability and Sources: Data on attainment and retention are available in OECD, *Education at a Glance*, last published in 2000, and in the National Competitiveness Council's *Annual Competitiveness Reports*, using OECD Data.

Data on the socio-economic background of persons with various levels of education is taken from the study *Social Background of Higher Education Entrants*. This is the fourth National Survey of entrants to higher education compiled for the Higher Education Authority by Professor Patrick Clancy and Joy Wall on behalf of the Higher Education Authority.

BASELINE SITUATION

Percentage of the population (25-64) that has attained at least upper second level education

	1992			1996			1998		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Ireland	39%	45%	42%	47%	54%	50%	48%	54%	51%
Denmark	63%	54%	59%	70%	62%	66%	81%	76%	78%
Netherlands	64%	52%	58%	68%	57%	63%	69%	60%	64%
UK¹	74%	62%	68%	81%	71%	76%	70%	50%	60%

Source: OECD (1998 and 2000), *Education at a Glance 1998* A1.2b, *Education at a Glance 2000*, Table A2.2a., and OECD *Education Statistics, 1985-1992*.

Note: 1. Some of the change between 1996 and 1998 is as a result of a difference in classification of programmes.

Percentage of the population that has attained at least upper secondary education, by age group, 1998

	25-64	25-34	35-44	45-54	55-64
Ireland	51%	67%	56%	41%	31%
Denmark	78%	85%	80%	78%	67%
Netherlands	64%	74%	68%	59%	50%
UK	60%	63%	62%	58%	53%

Source: OECD (2000), *Education at a Glance 2000*, Table A2.2a.

Retention Rates to the end of the Upper Secondary School Cycle for Ireland

	1994	1997	1999
Male	74.4	74.5	76.5
Females	83.8	85.5	86.8
Total	79.0	79.9	81.6

Source: McCoy, S. and B. Whelan, (1995, 1998 and 2000) *The Economic Status of School Leavers: Results from the School Leavers Survey*, Dublin: Department of Education and Science, Department of Enterprise, Trade and Employment and the Economic and Social Research Institute.

B. Socio-Economic Indicators Promoting Autonomy/Self Sufficiency

B(iii) Education (2.1/3.1 and 4.1)

Indicator B.7: Percentage of the adults at each literary level.

Definition: Respondents to the International Adult Literacy Survey (IALS) were asked to carry out various tasks that might be encountered in everyday life. Three scales of literacy were devised and tested: ‘*prose literacy*’ (the knowledge and skills required to understand and use information from texts such as news stories); ‘*document literacy*’ (the knowledge and skills required to locate and use information contained in various formats such as job applications, payroll forms, tables); and ‘*quantitative literacy*’ (the knowledge and skills required to apply arithmetical operations to numbers).

Performance at literacy level three is considered desirable in order to avoid difficulties in coping with social and economic life in a modern society. The proportion of the population performing at levels one and two can therefore be taken to represent those persons below the desirable minimum. For example, at level two a person could deal only with material that is simple, clearly laid out, and in which the tasks involved are not too complex. It denotes a weak level of skill, but more hidden than level one. It identifies people who can read, but test poorly. They may have developed coping skills to manage everyday literacy demands, but their low level of proficiency makes it difficult for them to face novel demands, such as learning new job skills (OECD, 2000).

Rationale for Inclusion: An alternative to measuring the stock of human capital via educational qualifications is a direct assessment of adults’ skills. Measures of educational attainment do not certify a set of skills that is consistent across countries and they ignore less formal learning. The IALS was designed to measure adult literacy skills by the assessment of proficiency levels, using materials derived from specific contexts within countries.

Adequate literacy skills are essential in order to fully participate in society, both at an economic level in terms of employment and therefore income and at an individual level in terms of personal development and civic participation. They are in turn directly relevant to risk of poverty and marginalisation. Low literacy skills are associated with a higher incidence of long-term unemployment as opposed to short-term unemployment and also have a substantial impact on wage levels (OECD, 2000).

Used as an Indicator by: OECD, Statistics Canada.

Data Availability and Sources: International data are contained in the OECD's *Education at a Glance, 2000*. Although this is an annual publication, the data used in both the 1998 and 2000 editions refer to data collected as part of the International Adult Literacy Survey (1994-1996). While this survey has not been replicated, it has been carried out in fourteen other countries/territories/regions since then. Results for all of these and the countries in which the survey was originally carried out are contained in the OECD publication, *Literacy in the Information Age*, published in 2000.

BASELINE SITUATION

**Percentage of the population (16-65 years)¹ at each Literacy Level
(1994-1998)²**

	IALS Level 1	IALS Level 2	IALS Level 3	IALS Level 4/5
Prose				
Ireland	22.6	29.8	34.1	13.5
Denmark	9.6	36.4	47.5	6.5
Netherlands	10.5	30.1	44.1	15.3
UK	21.8	30.3	31.3	16.6
Sweden	7.5	20.3	39.7	32.4
Document				
Ireland	25.3	31.7	31.5	11.5
Denmark	7.8	24.2	42.6	25.4
Netherlands	10.1	25.7	44.2	20.0
UK	23.3	27.1	30.5	19.9
Sweden	6.2	18.9	39.4	35.5
Quantitative				
Ireland	24.8	28.3	30.7	16.2
Denmark				
Netherlands	10.3	25.5	44.3	19.9
UK	23.2	27.8	30.4	18.6
Sweden	6.6	18.6	39.0	35.8

Source: OECD (2000), *Literacy in the Information Age – Final Report of the International Adult Literacy Survey*, OECD, Statistics Canada, Table 2.2, Annex D.

Note:

1. Data for the Netherlands refer to those aged 16 to 74 years, while in the case of Sweden data refer to those aged 16 years and over.
2. Data collection for the IALS project took place between 1994 and 1998, depending on which of the survey cycles a country participated in. In the case of Ireland, data refer to 1996, Denmark – 1998, Netherlands – 1994, UK – 1996, and Sweden – 1994-1995.

**Literacy Level and Age Group in the International Literacy Survey –
Ireland North and South¹**

Age-Group	Level 1	Level 2	Level 3	Level 4/5
16-25 years	16 <i>21</i>	29 <i>26</i>	40 <i>35</i>	15 <i>19</i>
26-35 years	16 <i>18</i>	31 <i>31</i>	39 <i>35</i>	14 <i>17</i>
36-45 years	22 <i>22</i>	30 <i>30</i>	33 <i>32</i>	15 <i>15</i>
46-55 years	34 <i>28</i>	29 <i>31</i>	28 <i>28</i>	9 <i>13</i>
56-65 years	39 <i>40</i>	31 <i>34</i>	21 <i>19</i>	9 <i>7</i>

Source: McGill, P. and M. Morgan (2001), *Ireland's Learning Poor: Adult Educational Disadvantage and Cross Border Co-operation*, Centre for Cross Border Studies, Table 3.1.

Note: 1. Table entries are percentages of the sample at each literacy level (Prose Literacy). For each age group, the results for Northern Ireland are in bold italics.

B. Socio-Economic Indicators Promoting Autonomy/Self Sufficiency

B(iii) Education (2.1/3.1 and 4.1)

Indicator B.8: Second level education completion status.

Definition: Percentage of junior cycle entrants (i) who completed upper second level, (ii) who completed school at lower second level, and (iii) who left school with no qualifications.

Lower secondary education continues the basic programmes of the primary level, but in a more subject-oriented manner. This usually consists of 2-6 years schooling (the mode of OECD countries is three years). Lower secondary education may either be terminal (students then enter directly into working life) or preparatory (i.e. preparing students for upper secondary education or skills training).

Rationale for Inclusion: A well-educated population is important for the social and economic well-being of countries and individuals. Education plays a key role in providing individuals with knowledge, skills and competencies to participate more effectively in society. Level of educational qualification is particularly associated with labour market experience, with upper secondary education widely considered as the minimum level required to protect people, to a certain extent, from unemployment over their lifecycle. Given the very close link between labour market experience and poverty, education is also closely associated with experience of poverty and social exclusion, with those with only lower second level education facing a high risk of both.

Used as an Indicator by: OECD.

Data Availability and Sources: OECD, *Education at a Glance*, last published in 2000.

Data on the socio-economic background of persons with various levels of education is taken from the study *Social Background of Higher Education Entrants*, published in 2000. This is the fourth

National Survey of entrants to higher education compiled for the Higher Education Authority by Professor Patrick Clancy and Joy Wall on behalf of the Higher Education Authority.

BASELINE SITUATION

Percentage of junior cycle entrants (i) who completed upper second level, (ii) who completed school at lower second level and (iii) who left school with no qualifications

Level completed	1994	1997	1999
Senior Cycle			
Male	74.4	74.5	76.5
Female	83.8	85.5	86.8
Total	79.0	79.9	81.6
Junior Cycle			
Male	19.2	20.8	19.5
Female	12.7	11.7	10.7
Total	15.9	16.4	15.2
Left with no qualifications			
Male	6.4	4.7	3.9
Female	3.5	2.8	2.5
Total	4.9	3.7	3.2

Source: McCoy, S. and B. Whelan, (1995, 1998) *The Economic Status of School Leavers: Results from the School Leavers Survey*, and McCoy, S. and J. Williams, (2001) *1999 Annual School Leavers Survey*, Dublin: Economic and Social Research Institute, Department of Education and Science and Department of Enterprise, Trade and Employment.

**Percentage Distribution of School Leavers by Educational Level and
Father's Socio-Economic Group 1996-1998 Surveys**

Father's Socio-Economic Group	% No Qualifications	% Junior Cert.	% Leaving Cert.	Total	
				No.	%
Farmers	1.6	9.6	88.8	1,136	100
Other Agricultural	6.3	22.0	71.7	159	100
Higher Professional	0.3	7.7	92.0	364	100
Lower Professional	0.6	5.6	93.8	341	100
Employers and Managers	1.1	8.2	90.7	795	100
Salaried Employees	0.5	9.7	89.7	185	100
Intermediate Non-Manual	2.3	13.8	83.8	556	100
Other Non-Manual	3.7	19.6	76.7	1,064	100
Skilled Manual	3.1	17.0	79.8	1,836	100
Semi-Skilled Manual	3.2	21.6	75.1	185	100
Unskilled Manual	9.1	25.4	65.4	865	100
Unknown	10.5	21.8	67.7	669	100
Total	3.7	15.7	80.6	8,155	100

Source: Clancy, P. and J.Wall, (2000), *Social Background of Higher Education Entrants*, Higher Education Authority, Table F4.

**Percentage Distribution of School Leavers by Educational Level and
Father's Socio-Economic Group 1989-92**

Father's Socio-Economic Group	% No Qualifications	% Junior Cert.	% Leaving Cert.	Total	
				No.	%
Farmers	2.7	13.9	83.3	950	100
Other Agricultural	12.3	24.7	63.0	146	100
Higher Professional	0.0	2.9	97.1	315	100
Lower Professional	0.4	3.4	95.7	233	100
Employers and Managers	1.8	7.8	90.7	679	100
Salaried Employees	1.6	4.7	93.2	191	100
Intermediate Non-Manual	3.5	11.9	84.3	402	100
Other Non-Manual	7.7	21.7	70.5	770	100
Skilled Manual	5.9	18.1	75.9	1,367	100
Semi-Skilled Manual	9.9	28.4	61.7	162	100
Unskilled Manual	16.2	31.2	52.5	628	100
Unknown	32.4	18.9	48.6	37	100
Total	5.8	16.3	77.8	5,880	100

Source: Clancy, P. and J. Wall, (2000), *Social Background of Higher Education Entrants*, Higher Education Authority, Table A8.

B. Socio-Economic Indicators Promoting Autonomy/Self Sufficiency

B(iii) Education (2.1/3.1 and 4.1)

Indicator B.9: Net enrolment in tertiary education.

Definition: The indicator is based on net enrolment for students in the age group 18-21. *Net enrolment rates* are calculated by dividing the number of tertiary students in a specific age group by the total population in that age group (times 100). The figures are based on head counts, that is, they do not distinguish between full- and part-time participants.

The *net entry rate* of a specific age is obtained by dividing the number of first-time entrants to each type of tertiary education by the age of the total population in the corresponding age groups (times 100).

New (first-time) entrants are those enrolling at the relevant level of education for the first time. Students who complete university level non-degree programmes and transfer to degree programmes are not regarded as first-time entrants at the university level.

Tertiary level education is divided into:

(a) *Non-University Tertiary level* of education: Programmes at this level generally do not lead to the awarding of a university degree or equivalent. A minimum condition of admission into a programme at this level is usually the successful completion of a programme at the upper secondary level. In some countries, evidence of the attainment of an equivalent level of knowledge, or the fulfilment of specific conditions, permits admission. In terms of subject matter, the core programmes at this level often tend to parallel those for which university degrees are granted. They are usually shorter, however, and more practical in orientation.

(b) *University Tertiary level* of education: This level of education refers to any programme classified as leading to a university degree

or equivalent. It is intended for students who have successfully completed prerequisite programmes at the upper secondary level and who continue their education in a programme that generally leads to the award of a first university degree or a recognised equivalent qualification.

Rationale for Inclusion: Tertiary education is associated with better access to employment and higher earnings. Entry rates to both university level and non-university level tertiary education are an indication, in part, of the degree to which high-level skills are being acquired by the population. High tertiary entry and participation rates help to ensure the development and maintenance of a highly-educated population and workforce.

Used as an Indicator by: OECD, World Bank.

Data Availability and Sources: Data are available in the OECD publication, *Education at a Glance*. This was most recently published in 2000.

Data on the socio-economic background of persons entering higher level education is taken from the study *Social Background of Higher Education Entrants* (2000). This is the fourth National Survey of entrants to higher education compiled for the Higher Education Authority by Professor Patrick Clancy and Joy Wall on behalf of the Higher Education Authority.

BASELINE SITUATION

Net entry rates for tertiary-level education by sex 1996

	Non-University		University	
	Men	Women	Men	Women
Ireland	23	24	28	30
Denmark	11	9	26	43
Netherlands	–	–	32	36
UK	24	27	39	43

Source: OECD (1998), *Education at a Glance*, Table C3.1.

Net entry rates for tertiary-level education by sex, 1998

	Non-University		University	
	Men	Women	Men	Women
Ireland	23	26	27	30
Denmark	23	42	29	32
Netherlands	1	1	50	54
UK	25	30	45	51

Source: OECD (2000), *Education at a Glance*, Table C3.1.

Note: In 1997 the OECD introduced a revised International Standard Classification of Education (ISCED-97). As participation at the tertiary level is increasing, programmes available to students are becoming more varied. Although universities and colleges of higher education in almost all countries are still the most important provider of tertiary education, this also takes place in other institutional settings. The institution of a programme can no longer serve as an adequate proxy for its 'level'. The revised ISCED-97 focuses on a series of proxies for educational content in order to classify programmes in similar ways across countries. Duration, programme orientation, the qualifications of the teaching staff and the level of further education for which programmes prepare graduates are some of these. First stage tertiary programmes are subdivided into type A programmes, in many countries equivalent to the university level, and tertiary type B programmes, which focus on practical, technical, and occupational skills. This new classification of educational programmes accounts for some of the difference between 1996 and 1998 at the tertiary level.

Net enrolment in tertiary education (Non-University and University level) for persons aged 18-21 years

	1990	1994			1996 ¹
		Men	Women	Total	
Ireland	20.3	30.1	30.9	30.5	31.4
Denmark²	7.4	8.9	9.4	9.1	8.5
Netherlands	17.9	21.3	23.0	22.1	24.0
UK	16.1	23.3	23.8	23.6	26.9

Source: OECD (1998), *Education at a Glance*, Table C3.3, 1996 Table P6.1.

Note: 1. There is no breakdown by sex in the OECD 1996 figures.

Note: 2. The lower figure for Denmark reflects the fact that the transition to tertiary level education in Denmark is often delayed, in some cases by a period of time spent in the workforce. First time entrants to the university level are typically older and show a much wider range of entry ages. In Denmark more than half of students enter university level education for the first time after the age of 22.

**Estimated Proportion of Age Cohort Entering Full-Time Higher Education
by Father's Socio-Economic Group¹**

Socio-Economic Groups	1986	1992	1998
Farmers	42%	53%	75%
Other Agricultural Occupations	12%	24%	35%
Higher Professional	72%	85%	100%
Lower Professional	47%	42%	48%
Employers and Managers	45%	67%	84%
Salaried Employees	58%	48%	55%
Intermediate Non-Manual Workers	28%	27%	33%
Other Non-Manual Workers	11%	26%	31%
Skilled Manual Workers	13%	28%	34%
Semi-Skilled Manual Workers	11%	19%	23%
Unskilled Manual Workers	4%	12%	22%
Total	25%	36%	46%

Source: Clancy, P. and J. Wall (2000), *Social Background of Higher Education Entrants*, Higher Education Authority, Table F1.

Note: 1. The participation rate tracks the progress of different social groups in terms of estimating the proportion of that group entering higher education.

Percentage Distribution and Participation of New Entrants to Higher Education by Father's Socio-Economic Status and Gender (1998)

Socio-Economic Groups	% Distribution		Participation Ratio	
	Male	Female	Male	Female
Farmers	16.0	17.3	1.70	1.84
Agricultural Workers	0.8	0.7	0.40	0.35
Employers and Managers	21.6	21.6	1.46	1.46
Higher Professional	10.3	9.9	1.98	1.90
Lower Professional	10.6	9.7	1.38	1.26
Non-Manual	10.1	8.7	1.38	1.26
Manual Skilled	13.5	13.7	0.71	0.72
Semi-Skilled	7.2	7.6	0.68	0.72
Unskilled	2.8	3.3	0.33	0.39
Own Account Workers	7.0	7.5	0.90	0.96
Total percentage	100	100		
Total	8,229	9,290		

Source: Clancy, P. and J. Wall (2000), *Social Background of Higher Education Entrants*, Higher Education Authority, Table 4.

Participation Ratios by Socio-Economic Group¹

Socio-Economic Groups	Participation ratio in 1986	Participation ratio in 1992	Participation ratio in 1998
Farmers	1.68	1.46	1.63
Other Agricultural Occupations	0.47	0.67	0.76
Higher Professional	2.86	2.36	2.18
Lower Professional	1.88	1.18	1.05
Employers and Managers	1.80	1.86	1.82
Salaried Employees	2.30	1.33	1.19
Intermediate Non-Manual Workers	1.10	0.76	0.72
Other Non-Manual Workers	0.44	0.73	0.69
Skilled Manual Workers	0.50	0.77	0.73
Semi-Skilled Manual Workers	0.42	0.52	0.51
Unskilled Manual Workers	0.16	0.34	0.48

Source: Clancy, P. and J. Wall (2000), *Social Background of Higher Education Entrants*, Higher Education Authority, Table F2.

Note: 1. The participation ratio tracks the progress of the groups in a relative way against the progress of other groups in society. If the figure for a group is greater than one, it means that the group has a higher participation rate than the average participation of all social groups. If the figure is less than one it means that the group has a lower participation rate than the average participation of all social groups. The greater the difference from one, the greater the difference from the average participation.

C. Distribution/Equity

C.(i) Taxation (1.1)

Indicator C.1: Tax Receipts as a Percentage of GNP/GDP.

Definition: Tax Receipts as a Percentage of GNP/GDP. Tax receipts include Exchequer tax revenue, PRSI and Health contributions.

Rationale for Inclusion: The central macroeconomic policy goals of the *Programme for Prosperity and Fairness* can be summarised in terms of stabilisation, growth and social justice. In this context and in conditions of strong growth and favourable demographic trends, fiscal policy is to be conducted with the goal of maintaining significant budgetary surpluses in each year of the Programme. This fiscal parameter will lead to a further reduction in the burden of national indebtedness, freeing up further resources to underpin the sustainability of public policies (2.1, 5).

Used as an Indicator by: OECD, National Competitiveness Council, Eurostat.

Data Source and Availability: Data are available in the OECD publication, *Taxing Wages*. This is an annual publication most recently published in 2000. Data are also available in the National Competitiveness Council's Annual Reports. The last report was published in 2000, however the data it contains in regard to this indicator relate to 1997. They are taken from the EC *Economic Data Pocket Book*, Book No. 1, 2000. Data are also available from the Department of Finance.

BASELINE SITUATION

Tax Revenues as a Percentage of GDP at market prices

	1992	1994	1998
Ireland	35	36	32
Denmark	47	50	50
Netherlands	45	43	41
UK	35	34	37

Source: OECD (2000), *Taxing Wages 1999-2000*, Annex Table II.A.

Tax as a Percentage of GDP and GNP

	1990	1997	1999	2000
% of GDP	32.6%	31.7%	32.1%	30.1%
% of GNP	36.4%	36.1%	36.9%	35.8%

Source: Department of Finance (2000 and 2001), *Budgetary and Economic Statistics*, Tables 4 and 12.

C. Distribution/Equity

C. (i) Taxation (1.1)

Indicator C.2: Average Tax Rate of the Average Production Worker (APW).

Definition: The average rate of income tax is calculated as the amount of tax payable on average industrial earnings. The basis for the calculation of the APW gross wage is the average earnings from employment of all persons in the manufacturing sector throughout the country (OECD, 2000).

Figures are also provided below which take into account income tax plus social security contributions. These refer to social security contributions which are levied on employees' gross earnings and are ear-marked to provide social security benefits. In some countries social security benefits are funded through income tax, hence the separate inclusion of this table.

Rationale for Inclusion: The Programme for Prosperity and Fairness contains a commitment to support further tax reform and tax reductions to improve the position of all tax payers and increase the take-home pay of those covered by the programme, especially those with below- average earnings. There was also agreement on the objective of ensuring that over time at least 80 per cent of taxpayers would not be subject to the higher rate of income tax (1.1.2. and 1.1.3).

Used as an Indicator by: National Competitiveness Council, OECD

Data Availability and Sources: Data are available in the National Competitiveness Council's *Annual Competitiveness Reports*, most recently published in 2000. Data are also available in the OECD publication, *The Tax/Benefit Position of Production Workers* and the OECD report, *Taxing Wages 1999-2000*. This is an annual report and was most recently published in 2000.

BASELINE SITUATION

Average income tax rate (percentage of average earnings),
single, no children

	1990	1996	1997	2000
Ireland	24.8	22.3	20.5	15.2
Denmark	43.9	36.0	35.1	32.5
Netherlands	11.1	5.8	6.5	7.3
UK	18.9	17.4	16.7	15.9

Source: National Competitiveness Council (2000), *Annual Competitiveness Report 2000*, Table 4a, OECD (1994), *The Tax/Benefit Position of Production Workers 1990-1993*, and OECD (2000), *Taxing Wages 1999-2000*, Table 12.

Income tax plus employees' social security contribution as a percentage of
average earnings, single, no children

	1990	1996	1997	2000
Ireland	32.6	28.5	26.0	20.3
Denmark	46.5	44.8	44.9	44.2
Netherlands	40.2	39.2	39.3	36.1
UK	26.5	25.8	25.2	23.8

Source: National Competitiveness Council (2000), *Annual Competitiveness Report 2000*, Table 4a, OECD (1994), *The Tax/Benefit Position of Production Workers 1990-1993*, and OECD (2000), *Taxing Wages 1999-2000*, Table 14.

C. Distribution/Equity

C.(i) Taxation (1.1)

Indicator C.3: Marginal Tax Rates

Definition: Marginal tax rates show the additional personal income tax and employee social security contributions paid when wage earnings rise marginally. They equal income tax plus employee social security and withdrawal of transfer payments. The table below shows marginal tax rates at various percentages of Average Industrial Earnings 1987 to 1999, holding Real Income constant. The data shown refer to a single person with no children.

Rationale for Inclusion: A distinctive feature of the Irish tax system in the past has been the relatively high marginal tax rate faced by single tax payers on average industrial earnings. In 1996, this marginal rate was the third highest in the EU (NESC, 1998). This high marginal rate for single people at average earnings occurs despite the fact that the highest nominal rate of income tax in Ireland is not particularly high compared to other EU countries. This reflects the fact that the income threshold for the top rate of tax in Ireland has been lower than in many other countries, with those on low wages subject to high marginal tax rates. This in turn has impacted on incentives to take up employment by creating employment traps.

Used as an Indicator by: OECD.

Data Availability and Sources: Data below are taken from the OECD publication, *Taxing Wages*, published in 2000. This is an annual publication, providing details of taxes paid on wages in all twenty-nine member countries of the OECD. Data are also given from the National Economic and Social Council's report *Opportunities, Challenges and Capacities for Choice*, published in 1999. Data on average industrial earnings are available from the Central Statistics Office, while information on tax rates is available from the Department of Finance.

BASELINE SITUATION

Marginal Tax Rates for single person with no children

Wage level – % of APW ¹	1996			1999			2000		
	67%	100%	167%	67%	100%	167%	67%	100%	167%
Ireland	32.5	55.7	51.2	28.5	52.5	48.8	22.0	50.5	46.7
Denmark	51.7	51.7	65.3	51.0	51.0	63.3	50.7	50.7	63.3
Netherlands	47.0	55.0	50.0	44.4	53.0	50.0	45.8	53.1	50.0
UK	34.0	34.0	24.0	34.0	34.0	24.0	32.0	32.0	22.0

Source: NESC (1998), Taxation Paper prepared for Council Meeting 18 December 1998, Table 6, and OECD (2000) *Taxing Wages 1999-2000*, Table 16.

Note: 1. See indicator C2 above for note on Average Production Wage.

Marginal Tax Rates at Various Percentages of Average Industrial Earnings 1987 to 1999, Holding Real Income Constant – single person, no children

	50%	75%	100%	150%	250%	500%
1987	42.75	55.75	65.75	59.0	59.0	59.0
1996	32.5	34.75	55.75	55.75	50.25	50.25
1997	30.5	32.75	54.75	54.75	50.25	50.25
1998	28.5	30.75	52.75	52.75	48.25	48.25
1999	28.5	30.5	52.5	52.5	48.0	48.0
Change between 1996 and 1999	-4.0	-4.25	-3.25	-3.25	-2.25	-2.25
Change between 1987 and 1999	-14.25	-25.25	-13.25	-6.5	-11.0	-11.0

Source: NESC (1999), *Opportunities, Challenges and Capacities for Choice*, Table A5.2.

C. Distribution/Equity

C. (i) Taxation (1.1)

Indicator C.4: The Tax Wedge.

Definition: The Tax Wedge is the difference between the cost to the employer of employing someone and the value of earnings to the employee. It is defined here as income tax plus employee and employer social security contributions as a percentage of gross labour costs.

Rationale for Inclusion: The tax system should facilitate economic growth and employment creation (NESC, 1999).

Used as an indicator by: OECD, National Competitiveness Council.

Data Availability and Sources: The data below are taken from the National Economic and Social Council's report, *Opportunities, Challenges and Capacities for Choice*, published in 1999. Data are also available in the National Competitiveness Council's *Annual Competitiveness Reports*, the most recent of which was published in 2000. The OECD publication, *Taxing Wages*, provides details of taxes paid on wages in all twenty-nine member countries of the OECD. This is an annual publication, most recently published in 2000.

BASELINE SITUATION

Average Tax Wedge at Various Percentages of Average Industrial Earnings 1987 to 1999, holding real income constant¹

	50%	70%	100%	150%	250%	500%
1987	33.5	40.4	52.0	52.6	55.0	57.0
1996	23.7	30.5	37.8	45.4	48.0	49.1
1997	22.2	28.9	35.6	43.6	47.0	48.6
1998	20.3	27.0	33.8	41.8	45.6	47.1
1999	17.1	24.6	32.3	40.7	45.4	46.7
Change between 1996 and 1999	-6.6	-5.8	-5.5	-4.6	-2.6	-2.4
Change between 1987 and 1999	-16.4	-15.8	-19.7	-11.9	-9.6	-10.2

Source: NESc (1999), *Opportunities, Challenges and Capacities for Choice*, Table A5.3.

Note: 1. For a single person.

Tax Wedge (Income Tax, Employer and Employee Social Security Contributions and Consumption Taxes) for the Average Production Worker

	1994	1999	2000
Ireland	55%	32.4%	28.8%
Denmark	63%	44.5%	–
Netherlands	55%	44.3%	–
UK	44%	30.8%	30.3%

Source: NESc (1998), Taxation Paper prepared for Council Meeting, 18 December 1998, Table 5, taken from the National Competitiveness Council (1998), *Annual Competitiveness Report*, and OECD (2000), *Taxing Wages 1999-2000*. Department of Finance.

C. Distribution/Equity

C.(ii) Income Adequacy (3.2)

Indicator C.5: Social Protection as a percentage of GNP and GDP.

Definition: Expenditure on social protection as a percentage of GNP for Ireland and GDP for other EU countries (see Chapter 2: Section 2.3).

Social Benefits are classified in the European System of Integrated Social Protection Statistics (ESSPROS) Manual in the following eight functions:

- (i) **Sickness/Health Care:** includes paid sick leave, medical care and supply of medical products;
- (ii) **Old-age:** includes old age pensions and provision of goods and services (other than medical care to the elderly);
- (iii) **Disability:** includes disability pensions and the provision of goods and services (other than medical care to the disabled);
- (iv) **Survivors:** income support and support in connection with the death of a family member;
- (v) **Family/children:** includes support (other than medical care) in connection with pregnancy, childbirth, maternity and the care of children and other dependent family members;
- (vi) **Unemployment:** includes inter alia unemployment benefits and vocational training financed by public agencies;
- (vii) **Housing:** includes interventions by public authorities to help households meet the cost of housing; and
- (viii) **Social Exclusion not elsewhere classified:** includes income support benefits, rehabilitation of alcoholics and drug addicts and various other benefits (other than medical care).

Expenditure includes social benefits, administration costs and other expenditure by social protection schemes.

In principle, social protection accounts should bring together receipts and expenditure of all public and privately-financed schemes considered to provide social benefits. In practice, in the case of Ireland, it has not been possible to compile comprehensive information in two important areas:

- privately funded pension schemes; and
- wages and salaries paid by employers when employees are absent due to sickness.

This should be borne in mind in any comparisons with data for other countries (CSO, 2000).

Rationale for Inclusion: Expenditure on social protection can greatly mitigate the inequality in the distribution of direct income.

Used as an Indicator by: Eurostat, OECD.

Data Availability and Sources: Data are available in Eurostat (1998, 199a) *Social Protection, Expenditure and Receipts* and Eurostat, News Release, *Social Protection in the EU*. Data are also available from the Central Statistics Office in its publication *National Income and Expenditure*. This was most recently published in August 2000 and contains data up to 1999.

BASELINE SITUATION

Expenditure on Social Protection as a percentage of GDP - GNP for Ireland

Country	1990	1997	1998
Ireland (GNP) ¹	21.0	19.3	18.1
Denmark	28.7	30.5	30.0
Netherlands	32.4	29.4	28.5
UK	22.9	27.3	26.8
EU	25.4	28.1	27.7

Source: Eurostat (1998, 1999a), *Social Protection, Expenditure and Receipts*, Table B1.1, and *Social Protection in the EU in 1998*, News Release, No. 134/2000. GNP Figures for Ireland from CSO (2000), *National Income and Expenditure 1999*, Tables 5 and 29.

Note: 1. As outlined in Chapter 2, Section 2.3, Ireland is unique amongst EU countries in having a substantial difference between GDP and GNP. In 1995 GNP was 12 per cent less than GDP, in 2000, GNP was 16 per cent less than GDP. Since GNP represents the resources available for redistribution it is the appropriate base for measuring effort on Social Protection. In recognition of the fact that EU, OECD, ILO and UN publications use the standard GDP base for expenditure comparisons for all countries including Ireland, the relevant GDP figures are presented below:

Social Protection as a percentage of GDP

Ireland	1990	1997	1998
% of GDP	18.4	17.2	16.1

C. Distribution/Equity

C.(ii) Income Adequacy (3.2)

Indicator C.6: Income Inequality: share of top to bottom 10 per cent of population, share of top to bottom 20 per cent of population and Gini Coefficient

Definition: The degree of inequality in the distribution of income across deciles and quintiles of households and Gini Coefficient.

Rationale for Inclusion: The distribution of income is a measure of command over resources and of inequality in society, including inequality in earnings, in employment and education opportunities etc.

The Gini Coefficient is useful as a summary measure of income inequality and has the advantage of presenting a picture of inequality in one figure reflecting location on a scale from 0 to 1, where 0 indicates perfect equality and a score of 1 complete inequality. The limitations of the Gini Coefficient lie in the fact that it is a summary measure and therefore only partially reveals what is happening in relation to income inequality. It will not, for instance, illustrate where the principal inequalities lie. The income quintiles and particularly the income deciles, on the other hand, require more attention to detail but reap a clearer and more complete picture of the pattern of inequality and changes over time.

Quintile and/or Decile Ratios and Gini Coefficient used as Indicators by: United Nations, OECD, World Bank, Eurostat.

Data Availability and Sources: Data are available for Ireland for the mid and late 1990s from the Irish Living in Ireland Surveys (LIIS) (for example, see Nolan et al., 2000, *Bust to Boom: the Experience of Growth and Inequality*). Data are also available from Eurostat, in their publication, *Statistics in Focus*, and from the World Bank, in their publication *World Development Indicators*, most recently published in 2000.

The Irish data relate to household *disposable* income for 1994 and 1997. These surveys are undertaken as part of the European Community Household Panel (ECHP). Data are currently available from the 1998 LIIS Survey, and data has been collected for 1999 and 2000. It is now almost certain that the final ECHP, and therefore the final LIIS, will take place in 2001. Data for these years are available from the ESRI. Eurostat is now concentrating on information needs at a European level and on new data collection priorities and mechanisms in relation to poverty and inequality. National statistics bodies and research institutes are contributing to this process and will play a role in determining and shaping the indicators for which data will be collected.

Information for EU countries is available from the ECHP but the time lag-here is considerable, with the most recent information relating to 1994. To allow for international comparison, this information relates to *equivalised*¹ disposable household income expressed in terms of Purchasing Power Parities. The analysis is based on income in a given week, whereas the analysis of the LIIS is based on income over a year. Therefore, European comparisons should be made on the basis of international rather than national data. This is available in the Eurostat publication, *Statistics in Focus: Population and Social Conditions*, No. 11, 1998 which uses 1994 as its reference year.

BASELINE SITUATION

Income Inequality: Proportion of Disposable Income Accruing to the Top and Bottom Decile of Households, 1994 and 1997

	Bottom Decile		Top Decile		Gini Coefficient		Decile Ratio	
	1994	1997	1994	1997	1994	1997	1994	1997
Ireland (LIIS)	2.3	2.1	26.4	25.8	0.377	0.374	1:11.5	1:12.3
Ireland (Eurostat)	3.0	NA	26.6	NA	0.36	NA	1:8.9	NA
EU 13¹	2.6	NA	24.0	NA	0.32	NA	1:9.2	NA

Note: 1. This does not include Finland or Sweden.

Income Inequality: Proportion of Disposable Income Accruing to the Top and Bottom Quintiles of Households and Quintile Ratios 1994 and 1997

	Bottom Decile		Top Decile		Gini Coefficient		Quintile Ratio	
	1994	1997	1994	1997	1994	1997	1994	1997
Ireland (LIIS)	5.6	5.4	42.9	42.3	0.377	0.374	1:7.7	1:7.8

Source: Nolan B. and B. Maitre, 'Income inequality' in Nolan B., P.J. O'Connell and C. T. Whelan (eds.) (2000), *Bust to Boom: The Irish Experience of Growth and Inequality*, Dublin: Institute of Public Administration, and Eurostat (1998), *Statistics In Focus: Population and Social Conditions* No. 11.

C. Distribution/Equity

C.(iii) Housing (2.9 and 3.7)

Indicator C.7: Housing Affordability indicator - percentage of gross income spent on housing.

Proxy: Ratio of average house prices to average industrial wage.

Definition: In the context of increasing house and accommodation prices, there has been much discussion recently in Ireland on ‘affordable accommodation’. However, the meaning of ‘affordable’ or how affordability is measured is an unresolved issue. Affordability is generally taken to mean that some given standard of housing or accommodation can be secured without this placing an undue financial burden on the household income. However, there is little agreement as to the meaning or measurement of ‘undue financial burden’.

In the Planning and Development Bill (1999) persons whose mortgage repayments would *exceed 35 per cent of the net income of the primary earner plus half of the net income of the second earner in a two-income household* are eligible for ‘affordable housing’. This is not entirely dissimilar to the general rule of thumb applied by many of the main lending institutions, whereby mortgage applications which would lead to payments that exceed 35 per cent of the income of the parties to the application are considered unfeasible.

The NESF (Report No. 18, 2000) rejected this measure of affordability in its deliberations as it considered that it excluded a growing number of lower and middle income households who are caught in the gap between being able to afford a private mortgage and being eligible for the various social housing options provided by the Local Authorities and Voluntary Housing Organisations. This report points out that these measures do not take account of the rented sector, either private or public. In particular, there is increasing anecdotal evidence of rapidly increasing rents in the

private sector and this needs to be taken into account in considering any measure of affordability.

The NESO (1999) has previously argued that the ratio of house prices to average disposable incomes represents a reasonable estimation of purchase affordability. However, the Council recognises that this does not take into account all of the relevant variables, including interest rates. In addition, like the measure included in the Planning and Development Bill (1999) above, this ratio only addresses the ownership of houses and does not take into account the affordability of rented accommodation.

An additional problem posed by these measures is that they are based only on the cost of purchasing a dwelling. No attention is paid to the quality of the dwelling, nor to ongoing maintenance and running costs. In addition, for example, state subsidies, mortgage interest relief, various social housing schemes and the provision of maintenance are not accounted for in these measures of affordability.

Canada is one country that uses an affordability index based on a ratio of 'major payments' or 'gross rent' to household income (measure used tends to be 30 per cent of household income). Income is calculated as the sum of the total incomes of all family members aged fifteen years and over and is composed of income from earnings, Government transfer payments, investment income and any other income including private pensions and annuities. In the case of owner-occupied households, 'Owner's Major Payments' include electricity, fuel, water and other municipal services, mortgage payments, property taxes and condominium fees. In the case of rented accommodation, 'Tenants Gross Rent' includes electricity, fuel, water and other municipal services as well as monthly cash rent. (*Statistics Canada, 1996*). Although this measure is not perfect, it is a broader affordability index than those that are based only on house prices and income. The data on which the affordability index is based are collected as part of the Canadian Census of Population. (In 1996 17 per cent of owner-occupiers had 'major payments' of 30 per cent or more of total household income, while in the case of tenants, 43.2 per cent had 'gross rent' of 30 per cent or more of household income).

Rationale for Inclusion: Housing is an important factor in the quality of life of the population. A major overall shortage of accommodation in Ireland has led to difficulties of many kinds. One of these has been the dramatic escalation of house prices, putting home ownership beyond the reach of many people with reasonable incomes.

An objective of Irish housing policy, as expressed by the NESC, is “the provision of sufficient affordable housing, so that as far as possible every household enjoys real choice between housing tenures each of which offers good physical standards, an attractive neighbourhood, a suitable location and at a price or rent that the household can afford” (NESC (1999) p.489)). The PPF contains a commitment to aim to ensure that every household has access to affordable, secure, good quality housing appropriate to their needs (3.7).

Used as an Indicator by: Statistics Canada.

Data Availability and Sources: An accurate affordability index covering all tenures, incorporating maintenance as well as purchase price and rents is probably the most desirable of all housing indicators. If such an affordability index were to be developed in Ireland, key data would have to be made available on a regular basis, including data on net incomes, mortgage interest relief, mortgage/rent payments and maintenance and running costs. In the meantime, the proxy indicator proposed gives an indication of the purchase affordability.

Data below are sourced from the Department of Environment and Local Government publication, *Housing Statistics Bulletin*, and the Central Statistics Office release on *Industrial Earnings and Hours Worked*, published in April 2001.

BASELINE SITUATION

New House Prices – Average price of new houses for which loans were approved by Building Societies, Banks, other agencies and local authorities

	1990 (£)	1996 (£)	1997 (£)	2000 (£)
Whole Country	51,618	68,677	80,506	133,249
Cork	48,100	67,219	75,642	131,174
Dublin	63,595	76,439	96,111	174,622
Galway	53,569	73,283	86,557	129,022
Limerick	49,032	65,589	71,729	114,854
Waterford	42,453	62,835	72,147	114,758
Other Areas	43,890	64,652	74,554	121,324

Source: Department of the Environment and Local Government (2001), Housing Statistics Bulletin.

Second-Hand Houses – Average price of second-hand houses for which loans were approved by Building Societies, Banks, other agencies and local authorities

	1990 (£)	1996 (£)	1997 (£)	2000 (£)
Whole Country	49,134	67,438	80,892	150,070
Cork	43,161	60,762	69,727	133,149
Dublin	58,936	82,246	103,374	194,559
Galway	48,367	69,321	79,379	130,850
Limerick	43,800	55,969	61,632	111,982
Waterford	38,623	49,582	57,735	111,568
Other Areas	41,166	58,480	68,004	124,783

Source: Department of the Environment and Local Government (2001), Housing Statistics Bulletin.

Comparison of Average Earnings and Average Price of New House in selected years 1990-2000

	Average Earnings per year¹	Average price of new house² (whole country)	Ratio of average new house price to earnings	Average price of new house² (Dublin only)	Ratio of average new house price in Dublin to earnings
1990	£11,915	£51,618	4.33	£63,595	5.34
1996	£14,748	£68,677	4.66	£76,439	5.18
1997	£15,215	£80,506	5.29	£96,111	6.32
2000 (Sept)	£18,002	£133,249	7.40	£174,622	9.70

Source: Department of the Environment and Local Government (2001), *Housing Statistics Bulletin*, and Central Statistics Office (2001), *Industrial Earnings and Hours Worked, September 2000*.

Note: 1. Gross earnings for all industrial workers.
2. For which loans were approved.

C. Distribution/Equity

C.(iii) Housing (2.9 and 3.7)

Indicator C.8: Housing Quality Indicator.

Proxy: Problems with Accommodation.

Definition: Various definitions can be used. In the UK the indicator used refers to ‘homes judged fit to live in’.

Rationale for Inclusion: Housing is an important factor in the quality of life of the population. An objective of Irish housing policy, as expressed by the NES, is “the provision of sufficient affordable housing, so that as far as possible every household enjoys real choice between housing tenures each of which offers good physical standards, an attractive neighbourhood, a suitable location and at a price or rent that the household can afford” (NES (1999) p.489)). The PPF contains a commitment to aim to ensure that every household has access to affordable, secure, good quality housing appropriate to their needs (3.7).

Data Availability and Sources: There is a lack of data in this area. The National Survey of Housing Conditions is carried out every ten years by the Department of the Environment and Local Government. The last survey was undertaken in 1990. A new survey is to be undertaken this year, with results expected in 2002-2003.

Data are available from the Central Statistics Office’s, *Quarterly National Household Survey*, which includes a module on Housing and Households. This contains information on ‘Problems with Accommodation’. It was most recently published in December 2000 and related to the third quarter of 1998. This module will not be repeated until 2003-2004.

Problems with Accommodation: Percentage of Households describing a problem as serious or fairly serious

	Not enough space	Not enough access to outdoor amenities	Not enough natural light	Lack of adequate heating	Leaking roof	Dampness in walls	Rot in windows or floors	Pollution from industry or traffic	At least one of these problems	Not satisfied overall with accomod.
All households	4.2	2.5	1.2	3.2	1.9	4.0	3.0	5.1	13.4	4.8
Regional Authority										
Border	2.7	1.0	0.5	3.6	1.3	3.2	2.5	2.9	9.6	3.8
Dublin	5.8	4.5	2.0	2.8	1.9	3.8	2.6	7.7	16.4	6.0
Mid-East	4.2	1.1	0.8	2.7	2.0	3.9	3.3	3.9	12.3	4.0
Midland	3.8	1.4	0.9	2.9	2.0	5.4	3.9	3.9	12.8	4.1
Mid-West	4.0	0.9	0.6	3.1	2.0	4.0	3.5	3.5	11.8	5.4
South-East	3.8	1.6	0.7	4.2	2.3	4.4	3.6	4.3	13.2	4.5
South-West	2.7	2.6	1.0	2.5	1.3	3.8	2.7	5.4	12.0	3.6
West	4.1	2.0	1.0	4.2	3.1	4.8	3.3	2.6	12.2	4.8
Occupancy Status										
Owner occupied with loan	3.6	1.8	0.7	0.7	1.0	1.5	1.1	4.8	10.1	3.2
Owner occupied – no loan	2.0	0.9	0.6	2.3	2.2	3.7	2.5	4.4	10.5	3.3
Acquiring from local authority	9.2	1.8	0.4	5.1	1.9	6.3	5.4	5.4	19.4	6.0
Rented	10.4	8.5	3.5	9.8	2.9	9.1	7.3	7.3	23.9	11.6

Source: CSO (2000), *Quarterly National Household Survey: Housing and Households, 3rd Quarter 1998.*

Problems with Accommodation: Percentage of Households describing a problem as serious or fairly serious

	Not enough space	Not enough access to outdoor amenities	Not enough natural light	Lack of adequate heating	Leaking roof	Dampness in walls	Rot in windows or floors	Pollution from industry or traffic	At least one of these problems	Not satisfied overall with accomod.
All households	4.2	2.5	1.2	3.2	1.9	4.0	3.0	5.1	13.4	4.8
Sex of Reference Person										
Male	3.9	2.0	1.0	2.7	1.7	3.5	2.7	4.3	12.0	4.3
Female	4.5	3.0	1.3	3.6	2.1	4.5	3.2	5.8	14.7	5.3
No. of persons employed in household										
None	3.8	2.9	1.5	5.4	2.7	6.0	5.0	5.8	15.8	6.3
1	4.6	2.6	1.1	3.1	2.0	3.9	3.0	5.5	13.7	4.7
2	3.9	1.9	1.0	1.6	1.2	2.5	1.4	4.1	10.7	3.5
3 or more	4.9	2.4	0.9	1.4	1.3	2.8	1.6	4.4	12.1	4.2

Source: CSO (2000), *Quarterly National Household Survey: Housing and Households, 3rd Quarter 1998.*

C. Distribution/Equity

C.(iii) Housing (2.9 and 3.7)

Indicator C.9: Local authority waiting lists.

Definition: Households in need of local authority housing – based on returns submitted by local authorities to the Department of the Environment.

Rationale for Inclusion: Housing is an important factor in the quality of life of the population. An objective of Irish housing policy, as expressed by the NESc, is “the provision of sufficient affordable housing so that as far as possible every household enjoys real choice between housing tenures each of which offers good physical standards, an attractive neighbourhood, a suitable location and at a price or rent that the household can afford” (NESc (1999) p.489). The PPF contains a commitment to aim to ensure that every household has access to affordable, secure, good quality housing appropriate to their needs (3.7).

Used as an Indicator by: PPF

Data Availability and Sources: Data are available from the Department of Environment and Local Government. Data are also available from the local authorities. Each local housing authority is required under section 9 of the Housing Act, 1988, to carry out periodic assessments of the need for the provision of housing for persons who require housing and are unable to provide for it from their own resources. The most recent period for which data are available relates to March 1999. Data are also given on the numbers of homeless and Traveller household accommodation needs.

BASELINE SITUATION

Total in need¹ of local authority housing

1991	1996	1999
23,242	27,427	39,176

Source: Department of the Environment (1999), *Assessments of Housing Needs, 1999*, Circular N6/99 and 1991.

Note: 1. Net approved need i.e. applications which have been assessed and approved.

Category of Housing Need by Household Size and Composition, March 1999

	Single	2 adults	1 adult with children	2 adults with children	Total
Homeless	1,501	100	490	128	2,219
Travellers¹	111	178	191	926	1,406
Living in unfit or materially unsuitable accommodation	1,441	419	1,533	1,403	4,796
Living in overcrowded accommodation	973	347	5,295	1,713	8,328
Involuntarily sharing accommodation	1,013	208	2,422	443	4,086
Young persons leaving institutional care or without family accommodation	54	6	4	3	67
In need of accommodation for medical/compassionate reasons	932	269	684	462	2,347
Elderly	1,930	361	47	25	2,363
Disabled/Handicapped	157	18	37	24	236
Unable to afford existing accommodation	3,037	936	6,247	3,108	13,328
Total	11,149	2,842	16,950	8,235	39,176

Source: Department of the Environment (1999), *Assessments of Housing Needs, 1999*, Circular N6/99.

Note: 1. Traveller households assessed as seeking local authority housing.

Category of Housing Need, 1996 and 1999

	1996	1999
Unable to afford own accommodation	28%	34%
Living in overcrowded accommodation	22%	21%
Living in unfit accommodation	18%	12%
Involuntary sharing of accommodation	11%	10%

Source: Department of the Environment (1999), *Assessments of Housing Needs, 1999*, Circular N6/99.

Traveller Accommodation Needs, 1996 and 1999

	1996	1999
Assessed as Seeking Local Authority Housing	749	1,406
Seeking permanent accommodation in residential caravan parks/halting sites	734	622

Source: Department of the Environment (1999), *Assessments of Housing Needs, 1999*, Circular N6/99.

Numbers of Homeless Persons, 1993, 1996 and 1999¹

1993	1996	1999
2,667	2,501	5,234 ²

Note: 1. These figures include those who have no accommodation, those in hostels and in Health Board accommodation.
2. This figure is made up of 2,593 males, 1,399 females and 1,242 children.

Local Authority Housing Needs – March 1999

	No. included in assessment	No. suited to social housing	No. suited to SWA	Resident in overcrowded/unsuitable LA Housing	Included in another LA housing assessment	No. of travellers suited to caravan parks	Net Approved need
County Councils							
Carlow	377	12	0	6	25	12	322
Cavan	544	34	7	3	6	0	494
Clare	1,025	187	96	4	48	49	641
Cork ¹	2,801	454	680	68	184	23	1,846
Donegal	1,544	70	129	24	116	20	1,185
DL/Rathdown	1,709	64	49	77	128	28	1,363
Fingal	1,657	5	60	9	144	165	1,274
Galway	1,305	254	8	28	25	11	979
Kerry	815	22	15	33	44	5	696
Kildare	1,548	329	34	23	23	13	1,126
Kilkenny	568	153	49	8	29	0	329
Laois	902	29	142	59	4	0	668
Leitrim	496	106	56	23	56	0	255
Limerick	1,057	46	18	0	118	8	867
Longford	511	27	40	13	73	0	358
Louth	273	0	0	2	0	5	266
Mayo	748	5	0	9	0	0	734
Meath	809	40	0	31	142	7	589
Monaghan	374	0	0	0	16	10	348
Offaly	403	1	5	3	12	11	371
Roscommon	392	14	1	4	1	10	362
Sligo	582	106	17	4	7	12	436
South Dublin	2,634	4	0	0	159	75	2,396
Tipperary ²	729	59	15	15	41	11	588
Waterford	301	26	18	0	2	0	255
Westmeath	382	6	15	0	9	0	352
Wexford	912	82	0	3	97	31	699
Wicklow	1,035	79	11	21	86	1	837
Total 1.	26,433	2,214	1,011	470	1,595	507	20,636
County Boroughs							
Cork	1,642	175	92	44	25	3	1,303
Dublin	8,608	185	124	1,601	215	6	6,477
Galway	959	121	64	0	30	3	741
Limerick	730	226	0	35	0	13	456
Waterford	1,501	8	302	0	154	0	1,037
Total 2.	13,440	715	582	1,680	424	25	10,014
Borough Corps. / Urban Districts							
Total 3.	10,842	564	694	327	641	90	8,526
Total 1+2+3	50,715	3,495	2,287	2,477	2,660	622	39,176

Source: Department of the Environment (1999), *Assessments of Housing Needs, 1999*, Circular N6/99.

Note: 1. Includes Cork, North, South and West.
2. North and South Riding.

C. Distribution/Equity

C.(iv) Health (1.4.3 and 3.10)

Indicator C.10: Infant, Neonatal and Perinatal Mortality Rates.

Proxy: Not required.

Definition: *Infant mortality* refers to the number of live-born infants that survive less than one year. *Neonatal deaths* refer to the live-born infants that survive less than four weeks, while *perinatal deaths* refer to still births (foetus weighing 500 grams or more at 24+ weeks gestation) plus live-born children that survive less than one week.

Rationale for Inclusion: Infant, neonatal and perinatal mortality are widely used as a measure of the health status of countries. In particular, they are useful in assessing trends in maternal and child health care both over time and across countries.

Used as an Indicator by: WHO, Eurostat, OECD, UN, World Bank.

Data Availability and Sources: Data on infant, neonatal and perinatal mortality in Ireland are produced by the Department of Health and Children and contained in their annual publication, *Health Statistics*. This also includes international comparisons, but does not provide disaggregated data across socio-economic or demographic variables that are relevant here. More detailed information on perinatal mortality is contained in the Department's publication, *Perinatal Statistics*. While this provides some useful information in respect of socio-economic, demographic and other variables, there is a very considerable time-lag in this data, with the most recent publication relating to 1993.

BASELINE SITUATION

Infant, Neonatal and Perinatal Mortality in Ireland, 1968-1999

	1968	1978	1989	1998 ^p	1999 ^p
Infant Mortality (per 1,000 live births)	21.0	14.9	8.1	6.2	5.5
Neonatal Mortality (per 1,000 live births)	13.9	9.8	4.8	4.3	3.9
Perinatal Mortality (per 1,000 live births and still births)	26.6	17.6	10.4	10.6 ¹	9.6 ²

Source: Department of Health and Children (1999), *Health Statistics 1999*, Table B11, Dublin: The Stationery Office and Department of Health and Children, Statistics Office.

Note: P. Provisional.
1. 1995.
2. 1997.

Infant, Neonatal and Perinatal Mortality in EU Member States, 1995 and 1997

	Infant Mortality		Neonatal Mortality		Perinatal Mortality	
	1995	1997	1995	1997	1995	1997
Ireland	6.4	6.2(p)	4.8	3.7(p)	10.6	9.6
Denmark	5.3	5.3	3.5 ²	4.1	7.4 ²	8.0 ⁴
Netherlands	5.5	5.0	3.8	3.7	8.8	7.9
United Kingdom	6.2	5.9	4.1 ³	4.0 ³	8.9 ³	8.7 ⁴
EU Average	5.6(p)	5.3(p)	4.2 ¹	4.2 ¹	7.7 ¹	7.7 ¹

Source: Department of Health and Children (1999), *Health Statistics 1999*, Table B13, Dublin: The Stationery Office and the Department of Health and Children, Statistics Office.

Note: P. Provisional figure
1. 1992.
2. 1993
3. 1994
4. 1996.

C. Distribution/Equity

C.(iv) Health (1.4.3 and 3.10)

Indicator C.11: Life expectancy at birth, 40 years and 65 years.

Proxy: Not required.

Definition: Life expectancy at birth and at various ages is defined by the OECD as “the average number of years which a person at that age is expected to live under the mortality pattern prevalent in the community or country based on a given set of age-specific death rates found in life tables”. OECD (2000), *Health Data 2000*.

Rationale for Inclusion: life expectancy at birth and various ages is an indicator of the long-term health of the population. Increased life expectancy reflects changes not only in health care and medicine, but also in other areas such as housing, education and environment. It also has implications for a wide range of social policies relating to ageing.

Used as an Indicator by: WHO, Eurostat, OECD, UN, World Bank.

Data Availability and Sources: Data on life expectancy in Ireland is produced by the Department of Health and Children and contained in their annual publication, *Health Statistics*. The most recent information for Ireland relates to 1995. Cross-national data used here are taken from the OECD Health Database 2000, which provides information from the 1960s onwards for each OECD member country. There are few data and little analysis available on the social and economic factors that influence this indicator in Ireland. However, it is known that life expectancy differs across socio-economic groups. Considerable work has been done on the area of health and social class in the UK.

BASELINE SITUATION

Life Expectancy (Years) by Gender, 1980, 1990 and 1995, Ireland and the EU

	1980		1990		1995	
	Ireland	EU Average	Ireland	EU Average	Ireland	EU Average
Males						
At Birth	69.5	70.4	73.0	73.8	72.1	72.7
At age 40 years	32.0	33.4	35.0	36.0	34.1	35.0
At age 65 years	NA	13.5	13.7	15.1	13.3	14.4
Females						
At Birth	75.0	77.2	78.6	80.1	77.6	79.1
At age 40 years	36.2	39.0	39.8	41.3	39.0	40.5
At age 65 years	NA	17.3	17.4	18.8	16.9	18.2

Source: Generated from the OECD Health Database 2000.

Life Expectancy at Birth

Country	Life Expectancy at Birth	
	Male	Female
Ireland	73.3	78.3
Denmark	72.9	78.1
Netherlands	75.0	81.1
UK	74.7	79.7

Source: World Health Organisation (2000), *The World Health Report 2000 Health Systems: Improving Performance*. Geneva and Washington: World Health Organisation.

C. Distribution/Equity

C.(iv) Health (1.4.3 and 3.10)

Indicator C.12: Health Expenditure as a percentage of GNP and GDP – Public and Private, GNP for Ireland, GDP for other EU countries.

Definition: Total health expenditure includes public and private current and capital expenditure.

Public health expenditure consists of current and capital spending from Government (central and local budgets), external borrowings and grants and social or compulsory health insurance funds.

Private health expenditure includes direct household spending, private insurance, charitable donations and direct service payments by private corporations.

Rationale for Use: The objectives of the Programme for Prosperity and Fairness include:

- improving the health status of the population;
- improving access to quality healthcare services in order to strengthen social inclusion and cohesion; and
- improving the effectiveness of the health service, using significant increases planned in health spending over the period of the Programme (3.10).

International comparisons of health systems can inform health policy and the breakdown between public and private provides an indication of the distribution of the financial burden of health care. Indicators on health care spending should however be examined together with those measuring outcomes.

It is important also to note, when making international comparisons, that Irish health expenditure data include payments made to various persons and for various services (under the heading Community Welfare Programme). In other countries these are classified as

income support measures and are not included in health expenditure figures.

Used as an Indicator by: World Bank, Eurostat, OECD.

Data Availability and Sources: Data are available from the OECD Health Database. The most recent data available from this source relate to 1998. The World Bank publication, *World Development Indicators 2000*, utilises both the OECD data and data from the World Health Organisation. Data for Ireland are available from the Department of Health and Children, in their publication *Health Statistics*. This was most recently published in 1999. However, the data it contains refer to 1996. More recent data are not yet available from the Department.

BASELINE SITUATION

Health Expenditure in Comparative Context Ireland percentage of GNP, other EU percentage GDP¹

Total Expenditure	1990	1996	1998
Ireland % GNP	7.5	8.2	7.4
Ireland % of GDP	7.0	7.2	6.4
Denmark	8.4	8.3	8.3
Netherlands	8.8	8.8	8.6
UK	6.0	7.0	6.7
Public Expenditure			
Ireland % GNP	5.4	5.2	4.8
Denmark	6.9	6.8	6.8
Netherlands	6.1	6.0	6.0
UK	5.0	5.9	5.6
Private Expenditure			
Ireland % GNP	2.1	2.0	1.5
Denmark	1.5	1.5	1.6
Netherlands	2.7	2.8	2.5
UK	1.0	1.1	1.1

Source: OECD Health Database, OECD, 2000.

Note: 1. As outlined in Chapter 2, Section 2.3, Ireland is unique amongst EU countries in having a substantial difference between GDP and GNP. In 1995 GNP was 12 per cent less than GDP, in 2000, GNP was 16 per cent less than GDP. Since GNP represents the resources available for redistribution it is the appropriate base for measuring effort on Health. In recognition of the fact that EU, OECD, ILO and UN publications use the standard GDP base for expenditure comparisons for all countries including Ireland, the relevant GDP figures for total expenditure are presented below:

	1990	1996	1998
Ireland % GDP	7.0	7.2	6.4

2. There is some divergence between data from the Department of Health and Children and that from the OECD. This is being examined by the bodies concerned.

Estimated Overall Health Expenditure as a Percentage of GNP and GDP – Ireland 1990-2000¹

	1990	1994	1996	1998	2000
Total Expenditure	2,058.8 £m	2,909.7 £m	3,272.9 £m	N/A	N/A
As % of GDP					
– Total public	5.4	6.2	5.6	5.4	5.5
– Total private	1.8	1.8	1.7	N/A	N/A
Total	7.2	8.0	7.2	N/A	N/A
As % of GNP					
– Total Public	6.1	6.9	6.3	6.1	6.5
– Total Private	2.0	2.0	1.9	2.0 ^e	2.0 ^e
Total	8.0	8.8	8.2	8.1^e	8.1^e

Source: Department of Health and Children (1999), *Health Statistics 1999*, Table L6, and updates for 1998 and 2000.

Note: 1. This includes Total Public Non-Capital and Capital Expenditure and Total Private Expenditure.

e. Private component for 1998 and 2000 estimated.

C. Distribution/Equity

C.(iv) Health (1.4.3 and 3.10)

Indicator C.13: Percentage of health expenditure on primary/community care.

Definition: Primary/Community care includes the Community Protection Programme, the Community Health Services Programme and the Community Welfare Programme. A further breakdown of these programmes is listed in the table below.

Rationale for Use: The objectives of the Programme for Prosperity and Fairness include:

- improving the health status of the population;
- improving access to quality healthcare services in order to strengthen social inclusion and cohesion; and
- improving the effectiveness of the health service, using significant increases planned in health spending over the period of the Programme (3.10).

Primary/Community care relates to spending on health promotion and preventative services in addition to the wide range of services provided at the community level, which cover the ongoing health requirements of the population. These include the general practitioner service, dental services, family planning, cash payments, home help services etc.

Used as an Indicator by: PPF.

Data Availability and Sources: Data for Ireland are available from the Department of Health and Children in their publication, *Health Statistics*. This was most recently published in 1999. However, the data it contains refer to 1996. More recent data are available from the Department estimates.

The most recently published data on Community Care expenditure relate to 1996 when about a quarter of health expenditure went on these programmes. While this reflected a slight decrease over 1995, this was mostly due to the transfer of responsibility for funding the Disabled Persons Maintenance Allowance to the Department of Social Community and Family Affairs. The figures for subsequent years up to 2000 indicate an absolute increase and a greater share of the overall increased expenditure for the Community Care Programme. These figures should be considered within the context of the caveats outlined in Chapter 6, Section 6.1 regarding health expenditure measures.

BASELINE SITUATION

Non-Capital Expenditure on Statutory Health Services in Actual Terms and as a Percentage of Gross National Product

Year	Non-Capital Expenditure on Statutory Health Services (net)	Health Expenditure as a percentage of Gross National Product (GNP)
	£m	%
1990	1,463.90	6.03
1995	2,298.98	6.60
1996	2,354.22	6.23
2000	4,220.62	6.48

Source: Department of Health and Children (1999), *Health Statistics 1999*, Table L3 and estimates for 2000.

**Percentage of Gross Non-Capital Health Expenditure on
Primary/Community Care 1994-2000**

Programme	1994	1995	1996	1997	1998	1999	2000
Community Protection	1.8	2.0	2.2	2.6	2.5	2.8	4.0
Community Health Services	16.2	16.6	17.3	16.4	17.0	18.4	17.6
Community Welfare	8.8	7.4 ¹	5.3 ¹	7.2	7.1	7.0	7.9
Total	26.7	25.9	24.8	26.2	26.6	28.2	29.5^p

Source: Department of Health and Children (1999), *Health Statistics 1999*, Table L1, Department of Social, Community and Family Affairs (1996), *Statistical Information on Social Welfare Services 1996*, p. 42.

Note: 1. The decrease in expenditure on the Community Welfare Programme between 1995 and 1996 is due to the transfer of responsibility for funding the Disabled Persons Maintenance Allowance (cash payments and grants for disabled persons) from the Department of Health to the Department of Social, Community and Family Affairs in August 1995. This payment was later named Disability Allowance.
p. Provisional.

**Estimated Non-Capital Expenditure by Programme and Service for
Community Care Sub-programmes**

Programme and Service	1994	1995	1996	2000^p
1. Community Protection Programme	£000	£000	£000	
1.1 Protection of Infectious Diseases	14,745	16,495	19,277	
1.2 Child Health Examination	8,766	9,659	9,824	
1.3 Food hygiene and standards	7,583	8,658	8,805	
1.4 Drugs Advisory Service	1,450	1,801	–	
1.5 Health promotion	2,270	2,822	3,399	
1.6 Other Preventative Services	5,418	8,783	13,433	
Programme Total	40,232	48,218	54,738	177,066
2. Community Health Services Programme				
2.1 General Practitioner service (including prescribed drugs)	250,026	261,646	271,661	
2.2 Subsidy for drug purchases	39,057	48,704	60,999	
2.3 Refund of cost of drugs for long term illness	17,159	19,154	21,384	
2.4 Home Nursing Services	30,569	31,713	32,288	
2.5 Domiciliary Maternity Services	2,390	2,479	2,524	
2.6 Family Planning	175	1,283	2,385	
2.7 Dental Services	25,799	33,348	34,740	
2.8 Ophthalmic Services	5,368	6,502	6,834	
2.9 Aural Services	1,083	1,119	1,133	
Programme Total	371,626	405,948	433,948	876,936
3. Community Welfare Programme				
3.1 Cash Payments and grants for disabled persons	96,176	60,447	–	
3.2 Mobility Allowance for handicapped persons	646	806	1,040	
3.3 Domiciliary care allowances for handicapped children	7,785	8,106	8,729	
3.4 Cash payments to blind persons	1,515	1,649	1,837	
3.5 Home-help service	10,703	11,081	11,458	
3.6 Meals on Wheels	1,903	1,945	1,949	
3.7 Grants to voluntary welfare agencies	30,860	33,957	34,036	
3.8 Supply of milk to expectant/nursing mothers and children < 5 covered by medical cards	1,072	1,095	1,097	
3.9 Pre-school support services	1,554	1,688	1,691	
3.10 Boarding out of children	9,634	9,845	10,490	
3.11 Other childcare services including residential care	26,032	36,308	46,777	
3.12 Welfare homes for the aged	11,312	11,724	12,623	
3.13 Adoption services	744	770	783	
3.14 Other	793	796	867	
Programme Total	200,729	180,217	133,377	351,145

Source: Department of Health and Children (1999), *Health Statistics 1999*,
Table L1.

C. Distribution/Equity

C. (iv) Health (1.4.3 and 3.10)

Indicator C.14: Number and Proportion of Public In-Patients Waiting 6 months or more (children) and 12 months or more (adults) for Targeted Specialities.

Definition: Number and proportion of public in-patients waiting six months or more (children) and twelve months or more (adults) for procedures in Cardiac Surgery, Ear, Nose and Throat, Gynaecology, Ophthalmology, Orthopaedics, Plastic Surgery, Surgery (General), Urology and Vascular Surgery. These are the ‘Targeted Specialities’ under the Waiting Lists Initiative.

Rationale for Inclusion: Duration spent waiting for specific procedures represents an indicator of access to, and availability of, public health services. Time waiting for treatment is also one of the key aspects of the health service that shapes people’s experience of and attitudes to the health service. The reduction of in-patient waiting times for specific procedures to less than twelve months for adults and six months for children is the principle aim of the Irish Government’s Waiting Lists Initiative (WLI), first introduced in 1993. This provides a very clear policy context and ultimate goal for this indicator.

Waiting lists and the duration spent on them have a number of drawbacks as indicators. For instance, there are no standard or accepted criteria for placing people on the waiting lists for particular procedures and therefore the lists do not reflect the variable levels of need of patients. In addition, the reasons for people coming off the waiting lists also needs to be considered as some may choose to pursue private treatment, and some may die. While these drawbacks do not render waiting lists valueless as an indicator, they signal the need for caution when using this information.

Used as an Indicator by: Department of Health and Children, OECD (forthcoming).

Data Availability and Sources: Data on the numbers on waiting lists and the time spent waiting for treatment is compiled by each hospital, collated by Waiting List Co-ordinators in each Health Board area and entered onto a database by the Department of Health and Children for analysis. Data are collected on a quarterly basis.

The general conclusion from a comparison of waiting lists in December 1997 and December 2000 is that with the exception of a marked decrease in the percentage of children waiting for in-patient orthopaedic treatment for six months or more there are either sharp increases for most specialities or little change. The percentage of adults waiting twelve months or more over this period decreased for cardiac and general surgery but remained about the same or increased for all other specialities. These patterns must be considered with reference to the limitations of waiting lists as an indicator outlined above and in Chapter 6: Section 6.1.

BASELINE SITUATION

Children Waiting Six Months or more and Adults Twelve Months or more for Treatment by Target Specialities, Ireland 1996 - 2000

	ADULTS WAITING 12 MONTHS OR MORE									
	Dec. 1996		Dec. 1997		Dec. 1998		Dec. 1999		Dec. 2000	
Speciality	N	%	N	%	N	%	N	%	N	%
Cardiac Surgery	1,030	74	969	76	776	67	816	73	270	54
ENT	1,124	40	1,937	47	2,864	58	3,040	58	2,469	62
Gynaecology	396	20	600	27	1,079	36	799	31	453	33
Ophthalmology	647	30	803	29	1,199	30	1,617	39	807	27
Orthopaedics	2,188	45	3,037	48	3,615	50	3,704	60	2,007	47
Plastic Surgery	467	58	883	62	942	57	1,080	59	1,141	68
Surgery (General)	666	27	1,110	40	1,063	32	1,069	34	881	34
Urology	560	37	802	50	829	55	901	49	821	57
Vascular	1,158	64	1,781	65	1,931	69	1,807	66	1,488	65
	CHILDREN WAITING 6 MONTHS OR MORE									
	Dec. 1996		Dec. 1997		Dec. 1998		Dec. 1999		Dec. 2000	
Speciality	N	%	N	%	N	%	N	%	N	%
Cardiac Surgery	55	100	66	68	57	78	67	76	29	67
ENT	1,524	62	1,714	57	2,143	76	1,688	76	1,347	80
Ophthalmology	162	64	101	44	256	71	269	81	169	69
Orthopaedics	53	83	89	88	88	81	64	64	86	36
Plastic Surgery	157	80	218	72	257	65	445	78	436	84
Surgery (General)	69	64	48	30	101	58	147	53	69	45
Urology	20	77	6	40	12	57	36	62	9	47

Source: (1998) Report of the Review Group on the Waiting List Initiative. Unpublished report to the Department of Health and Children, and figures provided by the Department of Health and Children.

D. Environment

D. Environment (2.13)

Indicator D.1: Household and Commercial Waste Arising (Municipal Waste).

Definition: Two definitions are commonly used in measuring household and commercial waste arising. The first of these is tonnes (000s) of household and commercial waste collected by or on behalf of local authorities per annum. The second relates to the waste generated rather than collected. This figure takes account of the fact that not all of the population is served by a municipal collection service. The figures for Ireland below refer to this latter measure.

Rationale for Inclusion: The generation of waste is now one of the main problems facing the environment and environmental management. Waste arising reflects our economic activities, industrial development, lifestyle and consumption patterns. Increasing levels of waste generation place a growing burden on the environment and on existing waste management services. The Irish Sustainable Development Strategy has set a target of stabilising municipal waste by 1999 and a reduction of 20 per cent by 2010.

Used as an Indicator by: EPA, National Competitiveness Council

Data Availability and Sources: Data for Ireland for 1993 to 1998 are available in the 2000 EPA publication, *Ireland's Environment: A Millennium Report*. Major surveys have been carried out by the EPA in 1995 and 1998, the latter as part of the development of a National Waste Database, which will provide information on various aspects of waste and waste management in the future. Some international data are available in the OECD publication *Environmental Performance: Ireland 2000*.

BASELINE SITUATION

Household and Commercial Waste Arising (Tonnes): Ireland

1995	1998
1,848,232	2,056,652 ¹

Source: EPA (2000), *Ireland's Environment: A Millennium Report*, Table 6.1.

Note: 1. This is composed of approximately 1.22 million tonnes of household waste, 0.755 million tonnes of commercial waste and 81,000 of street cleansing waste.

Comparative Municipal Waste Generation per Capita, late 1990s

Country	Tonnes per Capita
Ireland	560
USA	720
New Zealand	350
Denmark	560
Norway	630
Portugal	380
Switzerland	600
OECD Europe	450
OECD	500

Source: OECD (2000); *Environmental Performance: Ireland 2000*.

D. Environment

D. Environment (2.13)

Indicator D.2: Waste Management : Recycling percentage, Landfill percentage.

Definition: The disposal/recovery of the commercial and household waste collected by or on behalf of local authorities.

Rationale for Inclusion: The disposal and recovery of waste is now one of the main problems in environmental management. Increasing levels of waste generation place a growing burden on the environment and on existing waste management services. Progress must be made in reversing the current trend of increasing quantities of waste and to break the link between economic growth and waste production (EPA, 2000). It is important to note that EU policy considers landfill to be the least desirable waste management practice.

Used as an Indicator by: EPA, National Competitiveness Council.

Data Availability and Sources: Data for Ireland for 1993 to 1995 are available in the Department of the Environment and Local Government's 1997 publication, *Sustainable Development: A Strategy for Ireland*. Data for 1998 are contained in the 2000 EPA publication, *Ireland's Environment: A Millennium Report*. Data will continue to be available from the EPA National Waste Database, which will provide information on various aspects of waste and waste management in the future. International data are available in the OECD publication *Environmental Performance: Ireland 2000*.

BASELINE SITUATION

Disposal and Recovery of Household and Commercial Waste: Ireland

	1993	1995	1998
Landfill	92.6%	92.2%	91.0%
Recycling	7.4%	7.8%	9.0%
Total	100	100	100

Source: EPA (2000), *Ireland's Environment: A Millennium Report*, Environmental Protection Agency, and Department of the Environment, and Local Government (1997), *Sustainable Development: A Strategy for Ireland*, Dublin: The Stationery Office.

Comparative Municipal Waste Disposal and Recovery, late 1990s

Country	Landfill	Incineration	Composting	Recycling	Other
Ireland	92.2	0.0	0.0	7.8	0.0
Netherlands	35.2	26.9	22.5	15.5	0.0
France	47.0	45.7	6.9	0.0	0.3
Denmark	21.7	54.4	11.1	12.2	1.0
UK	80.0	14.3	0.0	5.7	0.0
Europe Average	66.0	18.0	6.0	9.0	1.0

Source: EPA (2000), *Ireland's Environment: A Millennium Report*: Environmental Protection Agency.

D. Environment

D. Environment (2.13)

Indicator D.3: Drinking Water Quality.

Definition: Compliance Rate for Coliform bacteria in the Public and Group supplies. This is an empirical measurement which is made to assess the overall microbiological quality of water for human consumption. No Coliforms should be present.

Rationale for Inclusion: Sewerage-contaminated water is a function of a number of carriers. As the positive identification of specific bacteria may be a very difficult task an indirect approach is universally adopted. To date the universal indicator organism has been the coliforms. Presence of these (specifically *Escherichia coli*) in a water supply is proof that sewage (faecal) contamination (of human or animal origin) has occurred and it is therefore a strong indication of the risk that pathogens may be present.

Used as an Indicator by: Environmental Protection Agency, EU (Drinking Water Directive[98/83/EU].

Data Sources and Availability: Data are available from the Environmental Protection Agency in their report, *Environment in Focus*. This was most recently published in 1999.

BASELINE SITUATION

Compliance Rate for Coliforms In Drinking Water

Compliance Rate for Coliforms %	1993	1994	1995	1996	1997
Public Supplies	91.0	91.4	91.3	92.4	91.1
Group Schemes	54.9	54.5	56.8	57.6	64.1

Source: Environmental Protection Agency (1999), *Environment in Focus*, Indicator 13.

D. Environment

D. Environment (2.13)

Indicator D.4: River Water Quality.

Proxy: Not required.

Definition: The proportion of rivers that are polluted. This is based on a four-fold classification: Unpolluted, Slightly Polluted, Moderately Polluted and Seriously Polluted, on the basis of the level of various biological and chemical materials.

Rationale for Inclusion: Fresh water constitutes one of the main economic and social resources of Ireland, providing water for domestic, industrial and agricultural use. Rivers are the primary source of fresh water and its quality reflects a number of waste management policies, including urban and municipal waste disposal, and the treatment, management and disposal of agricultural and industrial waste. In addition, as approximately 75 per cent of all drinking water is supplied by rivers, this has implications for households and the health of the nation. Changes in policy in relation to waste management, particularly in respect of phosphorous and nitrogen levels, are expected to show results in this area over the coming years.

Used as an Indicator by: EPA, OECD.

Data Availability and Sources: The Environmental Protection Agency conducts an assessment of river and stream water quality every three years. The biological survey is based on samples taken from approximately 3,200 locations around Ireland and has been ongoing since 1971, thereby allowing a historical perspective. In addition, a chemical survey of rivers is undertaken on samples taken from 2,100 locations.

BASELINE SITUATION

River Water Quality in Ireland, 1987 - 1997

River Quality	Percentage of 13,200 km Baseline		
	1987-1990	1991-94	1995-97
Unpolluted	77.3	72.2	66.9
Slightly Polluted	12.0	16.3	18.2
Moderately Polluted	9.7	10.9	14.0
Seriously Polluted	0.9	0.6	0.9

Source: EPA (1999), *Environment in Focus*.

D. Environment

D. Environment (2.13)

Indicator D.5: Average time in minutes-per-day commuting to and from work.

Definition: Average time commuting to and from work measured in minutes-per-day.

Rationale for Inclusion: Commuting time in Ireland is significantly higher than in other EU countries. In 1996 Ireland was ranked eighth, nearly twice that of the best performing country (Italy). As these figures date from 1996 it is likely that the situation has changed dramatically since then, due to the massive growth in the stock of cars in the economy.

Used as an Indicator by: Eurostat, National Competitiveness Council.

Data Sources and Availability: Data are available in the National Competitiveness Council's *Annual Competitiveness Report*. It utilises data from the EU publication *EU Transport in Figures Statistical Pocket Book*, published in January 2000. The most recent available data refer to 1996.

BASELINE SITUATION

Average Time Commuting to and from work, minutes-per-day

	1996
Ireland	40
Denmark	38
Netherlands	44
UK	46

Source: National Competitiveness Council (2000), *Annual Competitiveness Report 2000*, Table A13.

D. Environment

D. Environment (2.13)

Indicator D.6: Buses and coaches and cars per 1,000 population.

Definition: Buses and coaches and cars per 1,000 population and number of registered privately-owned cars per 1,000 population.

Rationale for Inclusion: This indicator is particularly relevant at the moment in the context on ongoing policy debates on public transport, as well as spatial and regional development. Increasing road traffic produces a number of detrimental effects on the environment. It increases the emission of noxious gases that are damaging to human health and the natural and built environment, increased levels of noise pollution, especially in cities. While the introduction of emission limits on vehicles is a positive development, what advantage is gained in terms of quality may be lost due to increased quantity of vehicles.

This indicator should be considered together with the Headline Indicator on Rail Infrastructure - II.5.

Used as an Indicator by: EPA, National Competitiveness Council, Eurostat.

Data Sources and Availability: Data on buses and coaches are available from the National Competitiveness Council's Annual Reports. This was last published in 2000. The source used by the Council is the *EU Transport in Figures Statistical Pocket Book*, 2000. The data, however, refer to 1996 and 1997.

Data on the number of vehicles registered are collected annually by the Department of the Environment. There is approximately a one year time-lag on this data, with data for the end of 1999 becoming available in late-2000, and per capita figures are not provided. Internationally comparative data on a per capita basis are available in the Eurostat publication, *EU Transport in Figures Statistical Pocket Book*.

BASELINE SITUATION

Total Number of Passenger Cars

	1993	1997	1999
Private Cars	891,027	1,134,429	1,269,245
Total Vehicles	1,151,238	1,432,330	1,608,156

Source: Department of the Environment (1994, 1998 and 2000), *Irish Bulletin of Vehicle and Drives Statistics 1993, 1994 and 1999*.

No. of Cars per 1,000 population¹

	1997
Ireland	297.3
EU 15	453.6

Source: Data in this report is taken from the EU *Transport in Figures Statistical Pocket Book, January 2000*.

Note: 1. This appeared as an indicator in the National Competitiveness Council Annual Report for the first time in 1997.

Buses and Coaches per 1,000 Capita

	1997	Rank in Europe
Ireland ¹	1.61	7
Denmark	2.60	1
Netherlands ¹	0.71	15
UK	1.43	9

Source: National Competitiveness Council (2000), *Annual Competitiveness Report*, Table A13.

Note: 1. 1996 data.