



PAPERS AND OUTPUT OF IGEES STAFF TO DATE

JUNE 2016

The papers have been prepared by members of IGEES and do not necessarily represent the policy positions of the relevant Departments, Ministers or the Government

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This report provides a brief synopsis of the papers and output of IGEES staff in the first half of 2016 as published on the IGEES website. All of the papers can be accessed by following the link <http://igees.gov.ie/>

Agriculture Sector

Fact Sheets on Irish Agriculture

February and June 2016

The regular fact sheets on Irish Agriculture set out and update key data on the agri-food sector including:

- The role of agriculture, fisheries, forestry and food in the Irish economy – key indicators and employment;
- Public expenditure on the agri-food sector;
- Estimates of aggregate agricultural output, input and income;
- Estimates of family farm and farm household income;
- Farm structures data;
- Land usage and livestock numbers data;
- Self-sufficiency and exports; and
- Commodity price trends.

Author: Economics and Planning Division, Department of Agriculture, Food & the Marine

Education Sector

Expenditure Implications of Demographic Change in Primary & Secondary Level 2016-2033

In the context of multi-annual budgeting and the EU Fiscal Rules, an accurate estimate of future expenditure pressures is vital to inform the allocative decisions of Government. Over recent years pupil number increases - along with enhanced special needs provision and cyclical economic factors - is one of the three core drivers of expenditure in the Education Vote (Gross Voted Current Expenditure €8.48 billion). Using different combinations of fertility and migration the “Projections of Full-Time Enrolment: Primary and Second Level, 2015 – 2033”, provides six scenarios for demographic change in the school system. Three of these scenarios have been examined by the Department of Public Expenditure and Reform, in conjunction with the Department of Education and Skills, to assess the expenditure implications of educational demographics.

Author: Chris Ryan, Department of Public Expenditure & Reform

Published: December 2015

Health Sector

Nursing Homes Support Scheme

This paper analyses the Nursing Homes Support Scheme, or 'Fair Deal', in order to project future demand and cost to the Exchequer in the context of an ageing population. In doing so, it is concluded that the scheme in its current form should be sustainable into the future, with funding in 2022 expected to be at 2014 levels in real terms despite increases in the number in support.

Authors: Tomás Campbell & Jenny Connors, Department of Public Expenditure & Reform

Published: August 2015

Primary Care Reimbursement Service

This paper examines trends and key cost drivers on the four main PCRS schemes over the period 2008-2014. It demonstrates the important cost containment achieved on General Medical Services, Long-Term Illness and Drugs Payments schemes through reduced drugs prices and fees to GPs and pharmacists. It highlights the considerable growth in Hi-Tech drugs over the period driven by the introduction of high cost, innovative medicines. The paper concludes with a discussion on the future trajectory of PCRS expenditure taking into account demographic and cyclical changes. It also points to the importance of developments in pharmaceutical policy to deliver sustainability.

Author: Niamh Callaghan, Department of Public Expenditure & Reform

Published: August 2015

Health Agency Expenditure Q1 2015

The 2015 health pay bill strategy was predicated on an increase in basic pay of 3%, which was to be primarily funded by a decrease in agency costs across the health sector by 42%. Given that the number of WTE staff and the basic pay bill of the health sector increased in line with this HSE Service Plan in Q1 2015, it is important to understand if agency costs have fallen to account for this increase, as outlined in the Service Plan. Thus, this note sets out the trends in health agency expenditure in 2015 and highlights that if Q1 2015 agency costs were replicated throughout the year, this would represent a full year overrun of €165m, or 45%, above the budget allocation.

Author: Donal Mullins, Department of Public Expenditure & Reform

Published: August 2015

Budgetary Impact of Changing Demographics 2016-2026

The paper discusses expected changes in the structure of the Irish population, and how these transformations effect public expenditure in the short, medium and long term. The changing age profile of the population puts a strain on the fiscal space within which sectors such as, Social Protection, Health and Education have to operate. In the short term, 2016 to 2019, the projected annual demographic cost pressure amounts to €424m. From 2020 to 2021, the average annual expenditure pressure is estimated to drop to €180m due to a fall in pension spend. In the long term, 2022 to 2026, the annual demographic cost pressure is expected to return to the region of €411m.

Author: Chris Ryan, Jenny Connors & David Reilly, Department of Public Expenditure & Reform

Published: October 2015

Medical Workforce Analysis

Having and maintaining the appropriate level of medical staffing is a central public health priority. If the workforce is understaffed, patient safety is put at risk and overworked and dissatisfied clinicians may exit the health system for better working conditions elsewhere, exacerbating the problem. On the other hand, if the workforce is overstaffed funding is drawn away from areas where it could be better utilised such as drugs, medical technology and capital investment. The object of this paper is to understand the Irish medical workforce in relation to the European Union in terms of staffing levels, healthcare demands and medical education.

Author: Tomás Campbell, Department of Public Expenditure & Reform

Published: October 2015

HSE Employment Strategy

The health pay bill for 2015 is required to marginally fall in 2015. The pay bill strategy is predicated on an increase in basic pay, which is to be partly funded by a decrease in overtime and agency costs across the health sector. As will be outlined in this paper, despite increasing in line with HSE Service Plan in the first seven months of 2015, the number of WTE staff in the HSE deviated above profile in the months of August and September. Further to this, from an expenditure perspective, costs have increased compared to 2014 and are running above the agreed 2015 allocation. In light of this, further to setting out the trends in health sector pay expenditure to date in 2015, this paper outlines the potential for significant WTE overruns above the agreed profile in the remaining quarter of 2015 and describes how such an overrun would have implications in 2016. Further to this, factors that need to be considered in formulating the HSE schedule of employment for 2016, and subsequent years, are also addressed.

Author: Donal Mullins, Department of Public Expenditure & Reform

Published: November 2015

Social Protection

Analysis of Jobseekers and Related Expenditure

The paper examines the 2015 and 2016 expenditure trends in the Live Register. It projects Live Register numbers based on current trends and estimates savings for 2016 over the 2015 projected outturn. This is an annual exercise which informs the Estimates discussions with DSP.

Author: David Reilly, Department of Public Expenditure & Reform

Published: September 2015

Analysis of Replacement Rates from 2010 to 2015

The paper analyses how replacement rates have evolved over 2010-2015 for a variety of family types at different income levels.

Author: David Reilly, Department of Public Expenditure & Reform

Published: September 2015

Analysis of QHNS unemployment and Live Register

The paper finds that there is 1.36 times as many people on the Live Register than declared unemployed in the QNHS. The biggest disparity is evident in the Border region where the ratio is 2.55 times. We estimate that if the ratio in the Border area was the same as the State, savings of up to €110m could be made.

Author: Kevin Meaney & David Reilly, Department of Public Expenditure & Reform

Published: June 2015

Review of the Social Insurance Fund

The aim of this paper is to examine the impact of the Social Insurance Fund (SIF) on the Department of Social Protection Vote and to examine the scope for improvements from a Vote management perspective. The Social Insurance Fund was set up in 1952 to provide security to people currently in employment but who will experience periods out of employment. Most employers and employees pay 'Pay Related Social Insurance (PRSI) contributions' into the national Social Insurance Fund when in employment and for this employees receive benefits for the periods spent out of employment. SIF income policy is made by the Minister for Social Protection subject to the consent of the Minister for Finance, while SIF expenditure policy is set by the Minister for Social Protection and the Minister for Public Expenditure and Reform.

Author: Kevin Meaney, Department of Public Expenditure & Reform

Published: November 2015

Transport

Transport Trends 2016

Transport Trends is an annual analytical publication produced by the Department of Transport, Tourism and Sport's Economic and Financial Evaluation Unit, a constituent unit of the Irish Government Economic and Evaluation Service. The report provides an overview of the latest trends within the transport sector through an analysis of available data and statistics.

The 2016 iteration of the report highlights a number of positive developments in 2015, such as a total extra 7.7 million passenger journeys on our key public transport services; a 36% increase in the number of Dublin Bikes journeys; and a 15% growth in the number of passengers using Dublin Airport to an all-time high of 25 million. The report also points towards the challenges faced, including the dominance of private car use and the increasing level of emissions from the transport sector.

The report was initially published on the Department of Transport, Tourism and Sport's [website](#) on the 29th of April 2016.

Author: Daniel O'Callaghan, Department of Transport, Tourism & Sport

Published: April 2016

Capital Review

Labour Intensities Paper

The capital review began in 2014 and culminated in the government agreeing a new 6-year capital envelope and publishing 'Building on Recovery: Infrastructure and Capital Investment 2016-2021'. The Government's decision was informed by a review process led by the Department of Public Expenditure and Reform that included analysis undertaken by each Government Department, stakeholder consultation and a review of previous investments. As part of the capital review process, a number of discussion, policy and analysis papers were prepared, some of these have now been updated for publication.

Author: Laura Watts, Department of Public Expenditure & Reform

Published: December 2015

Tax Policy

PAYE Survey 2015

Revenue's PAYE Survey 2015 was conducted between September and October 2015. Over 5,000 survey forms were issued to a random sample of PAYE taxpayers, drawn from a population of 1.5 million. The overall response rate was 27%. The survey is the third in a series of PAYE surveys since 2007, which means that some results can be compared over time. The objective of the survey is to gather information on a number of areas including (i) customer contact with Revenue, (ii) the use and knowledge of Revenue's online resources, (iii) preferred methods of contact with Revenue and (iv) overall customer satisfaction and attitudes towards tax compliance. These survey results are assisting Revenue in further designing and implementing a customer service programme that is both efficient to administer and that makes it as easy as possible for taxpayers to comply with their obligations.

Authors: Seán Kennedy, Gerry McGuinness, Martina Shirran, Office of the Revenue Commissioners

Published: April 2016

National Random Sampling Programme of Fuel Licence Holders

This report outlines the findings of a National Random Sampling Programme, conducted with a view to quantifying the extent to which illicit fuel (i.e., laundered road diesel) is evidenced among licensed fuel outlets. This random sampling exercise, conducted on a national level over a short time period, provides a powerful and robust measurement of the scale of the selling of laundered fuel in the State. If repeated in the future, this exercise provides a benchmark against which to compare later outcomes.

Authors: Seán Kennedy, Keith Walsh, Office of the Revenue Commissioners

Published: February 2016

Economics of Tobacco and Analysis of Cigarette Demand in Ireland

Over the past decade consumption of Irish taxed cigarettes has halved. For most of this period, the evidence suggests that smoking had declined only marginally as smokers increasingly substituted to alternative products. However, recent data indicate that smoking prevalence has reduced substantially in the last two years. The focus of this paper is the likely effects of tax changes on cigarette consumption and the associated tax revenues. There are established adverse effects of tobacco and cigarette smoking on public health and Government may wish to continue to use fiscal policies such as taxation in the pursuit of health goals rather than solely securing tax receipts.

Authors: Seán Kennedy, Victor Pigott, Keith Walsh, Office of the Revenue Commissioners

Published: September 2015

Policy Papers

Social Impact Investments in Ireland– Learnings from the pilot initiative

A social impact bond, or Social Impact Investment, is an investment model which can be used by governments to achieve social objectives by bringing together, via an intermediary, private investors and service providers to deliver societal outcomes. Rather than focusing on inputs (e.g. the number of doctors) or outputs (e.g. the number of operations), Social Impact Investments are based on achieving social ‘outcomes’ (e.g. improved health). This paper provides an overview of the piloting of the Social Impact Investment model in Ireland, outlining how the model works, detailing issues which should be considered when planning a Social Impact Investment and documenting learnings from the Irish pilot initiative.

Author: Department of Public Expenditure & Reform

Published: June 2016



Irish Government Economic & Evaluation Service