

ROBERT BYRNE

LOCAL GOVERNMENT FUNDING IN IRELAND: AN APPLICATION OF SELECTED EUROPEAN MODELS

This dissertation examines the system of funding for Local Government in Ireland and investigates the implication of applying the funding mechanisms in operation in both Spain and Sweden to the Irish model.

The dissertation begins with a description of the Irish Local Government system (Chapter 2). A brief history is presented, together with a description of the areas of responsibility. Details of funding arrangements are then examined.

The reasons for choosing both Spain and Sweden as well as a comprehensive description of local government in these countries are presented in Chapter 3. This chapter also provides details of the financing structures in place and their operation in both countries.

Chapter 4 constructs two funding models for Irish Local Authorities using tax receipts and County Income data. Model 1 uses tax receipts data in conjunction with the Spanish system of tax-sharing, while model 2 applies the Swedish local income tax system to County Income figures.

Chapter 5 presents a brief summary of some additional issues which need to be considered when considering models of local government finance. Issues examined include fiscal federalism, equalisation and the politics of local government.

The final Chapter mentions some of the consequences which might arise should some form of these systems be introduced in Ireland and concludes that without a well-designed and supported equalisation scheme, these costs might very well outweigh any potential benefits.

Swedish Kroner figures have been converted to € at the rate S Kr 9.38 = €1

SHANE CARTON

TOWARDS AN EVALUATION FRAMEWORK FOR CIVIL SERVICE TRAINING PROVISION

The system for provision of training and development in the Irish Civil Service needs to be responsive to the continuously changing environment in which the Civil Service operates. Factors such as the public service modernisation agenda, the European Union enlargement process and the growing complexity of public administration in the modern era have profound implications for the skills and competencies required by civil servants to do their jobs.

In order to ensure that the training and development system is continuously providing civil servants with the support and appropriate training intervention required, whilst simultaneously providing value for money, it is critical that adequate evaluation of the system takes place. The aim of this paper is to present a detailed picture of the evaluation that is currently taking place and to draw on the lessons from the literature on the economics of training to make recommendations as to how the evaluation regime could be improved.

The current system for provision of training and development in the Civil Service has evolved principally from recommendations contained in the Comptroller and Auditor General's Value For Money Report on Training and Development in the Civil Service (2000). In response to these recommendations and to commitments made by Government as part of the Partnership Process, the Framework for Civil Service Training and Development, 2004-2008, was published. Provisions of this document saw the establishment of a new Civil Service Training and Development Committee (CST & DC), whose role is to advise Civil Service Departments/Offices on issues related to training and development, including advice on issues relating to the evaluation of training and development.

Substantial literature exists on the economics of training, including research on (a) who pays for training, (b) how training forms part of the human capital accumulation process and (c) the methodological issues involved in evaluating training. One result from the literature is that the person who expects to benefit from training will bear the costs of it, although the literature provides many examples of organisations that pay for training, even in situations where the employee is the primary beneficiary. In

the main, the motivation for training lies in the impact on productivity for employers and the impact on earnings for the employee. Evaluation of training is essential both because of its importance to the achievement of organisational objectives and the need to show value for the significant expenditure involved. Notwithstanding the difficulties involved in evaluating training, several attempts have been made to develop an evaluation framework, the most important one being that originally proposed by Donald Kirkpatrick in the 1950s. Whilst the literature generally shows positive impacts of training, both on wages and productivity, exact rates of return on money invested have rarely been calculated.

In the Civil Service, it is normal practice for Departments/Offices to pay all of the costs of training. In addition to funding internal courses, all Departments/Offices operate Refund of Academic Fees and Paid Study Leave Schemes, to support staff attending external further education. The issue of whether such schemes should provide 100% up-front funding is debateable and worthy of further study. Typically, the evaluation carried out by individual Departments/Offices on internal training initiatives tends to provide useful information on the reaction of participants to particular courses, but little data on what is actually learned or whether it translates into improved on-the-job performance. In addition, all Departments/Offices are required to submit annual expenditure figures, which are assessed against a target (currently 4%) percentage level of the payroll figure.

There are many lessons that can be drawn from the literature and applied to the Civil Service evaluation regime. Principally, Departments/Offices need to apply the same evaluation criteria to investments in training as any other investments. In addition, there is enormous scope to use the Performance Management and Development System (PMDS) to enrich the evaluation systems within Departments/Offices and to add a whole new dimension to evaluation at a Civil Service-wide level. Whilst quantifying a monetary rate of return on investments in training may not be feasible, PMDS should certainly allow Departments/Offices to get some sense of which training initiatives are working effectively and which are providing the best value for money.

DAVID CLANCY

A REGULATORY IMPACT ANALYSIS ON INCREASING THE PENSIONABLE AGE IN IRELAND

This dissertation is a Regulatory Impact Analysis (RIA) of increasing the pensionable age in Ireland. RIA is an embryonic ex-ante policy evaluation tool in the Irish context, which seeks to highlight the likely impacts of a policy change. This evaluation process has been applied to a hypothetical Government proposal, that of increasing the age of eligibility for receipt of the State old age pension, i.e. the "pensionable age". The objective of this regulatory change would be to reduce the future costs of the State old age pension.

Increasing the pensionable age may be considered as a policy response to the costs associated with forecast population ageing in Ireland. The most significant of these costs will be State pension costs and health costs.

In 2002 there were almost six persons of working age (15 – 64) to every one person of pensionable age (aged 65+). However, on current demographic trends by 2050 this will have fallen to ratio of just over two to one. This is due to a threefold increase in the number of those aged 65 and over by 2050, while the size of the working population will remain almost the same as in 2002.

In 2003 some 287,000 people aged 65 and over received the old age pension Ireland. The author estimates that by 2050 this figure will have trebled to over 880,000. The cost of financing the old age pension is born mainly by the working population, which over the same period will have remained relatively static.

If, by 2050, the pensionable age were increased from 65 to 69 years of age, the cost to the Exchequer of the old age pension in that year would be 18% less than if the pensionable age remained at 65. If it were set at the 71, the difference would be 28%. The life expectancy for a 65 year old will also increase significantly over this period, perhaps by 4 years or more if trends over the past four decades are repeated.

The RIA also shows that increasing the pensionable age would have a number of other positive benefits. These include: increasing labour force participation of older workers who defer their retirement decision; increasing the consumption possibilities of these older workers; inducing a relatively lower tax rate than otherwise would be the case under a more costly lower pensionable age; and inducing a subsequent positive impact on Irish competitiveness.

However, a number of vulnerable groups have been identified as being disproportionately affected by an increase in the pensionable age. These include those workers unable to work up to a higher pensionable age, poorer members of society, and older people classified as being at high risk of poverty. These groups will need to be accounted for in any regulatory change.

The dissertation also draws some conclusions with regard to the RIA methodology based on its application to this hypothetical regulatory change. Recommended changes to the model include: a greater consideration of international experiences when considering the impact of a regulation; earlier consideration of the *need* for regulatory change, rather than just the *impact* of a regulation; and that those undertaking an RIA should ultimately be concerned with the impact of a regulation on the utility of citizens, which in itself can be affected by the impact on business and national competitiveness.

Annemarie Freeman

Tax Expenditures The Best Approach

This dissertation examines the fiscal tool of tax expenditures and how it plays a role in promoting Governments' economic and social policies.

The research begins with an analysis of the criteria of tax expenditures and also examines the limits that exist with regard to the evaluation of their costs to the Exchequer. The analysis shows that tax expenditures can lend themselves to violations of Horizontal and Vertical Equity due to their design and also as a result of their "implicit" nature means that less Budgetary controls can be placed on them as compared to a direct expenditure approach.

The main focus of the dissertation is on the Irish treatment of tax expenditures and discusses the impact of how the issue of Ireland's membership of the EU can have a bearing on the type of tax expenditures that can be introduced taking into account State Aid issues. While examining issues of Equity and Efficiency with regard to some of the Irish reliefs, a more detailed analysis of the Business Expansion Scheme is also discussed. This scheme, in particular, has recently received State Aid approval.

Alternatives to tax expenditures are also examined, in particular, the Flat Tax which is gaining popularity particularly in the EU accession states. The analysis found that while a flat tax would simplify the income tax system by removing all tax expenditures/deductions there is a lack of evidence available regarding the success of increased income tax revenues being attributable directly to this and the lower rate of tax. There is also concern that the saving from the elimination of tax expenditures would not compensate for the fall in the tax rate in the long run.

The analysis concludes that more transparency is required with regard to the evaluation of efficiency issues of tax expenditures. Questions need to be asked as to what the central policy objective of the tax expenditure is and also to be clear of the requirement for any Government intervention at all.

Tara Mac Mahon

What can Second Tier Patent Systems Contribute to Innovation Policy?

The role of patents is to encourage innovation, and thus increase competitiveness. It is widely recognised that small firms are more innovative than large firms. This paper examines the adequacy of the current patent system in incentivising innovation, and in particular in assisting small firms to challenge and compete with larger firms.

It also considers the adequacy of the “second-tier” patent systems, which have been established in an attempt to deal with a number of the inadequacies found in the current patent system. In this respect, particular attention is paid to two types of second-tier systems, namely the UK unregistered design right and the Irish short term patent systems, and the extent to which these systems incentivise innovation.

The examination concludes that “second tier” patent systems do little to deal with the inadequacies of the current patent system, and indeed fall foul of many of the same inadequacies. Focus should therefore be placed on improving the current patent system itself, rather than developing additional tiers of protection.

THERESA RYAN

FACTORS IMPACTING ON THE IMPLEMENTATION OF E-PROCUREMENT IN THE IRISH PUBLIC SECTOR

This dissertation examined the effect of project management and change management issues in the implementation of e-procurement initiatives in the Irish public sector. The aims were to establish the rate of success of the projects examined, identify contributory factors and compare these factors to those identified by the literature to determine whether they were consistent. This dissertation also aimed to identify patterns to inform and make a practical and theoretical contribution to future e-procurement project selection and policy decisions.

A case study methodology was used. The cases selected for examination were chosen to provide examples of projects implemented by local, intermediary and central bodies. A review of project management and change management literature identified a range of factors significant in determining the success or failure of project outcomes. An analysis of these factors suggested a number of themes running through the literature: 'leadership', 'project planning and implementation', 'communication and support' and 'political support'. In addition, an analysis of the context for e-procurement identified a number of external factors that might be significant in the implementation of e-procurement initiatives in the Irish public sector. These themes and external factors formed the main constructs for analysis of the case studies.

The rate of success in the cases examined was variable and ranged from projects completed on time, on schedule and with all planned functionality to projects that were behind schedule or did not deliver all the functionality originally planned. The analysis as to whether common factors contributed to the cases' outcomes was, for the most part, consistent with the literature, 'political support' for a project was not found to be a critical success factor in all cases.

The findings suggested that future e-procurement project selection decisions should be informed by a) whether projects for which funding is being sought have explicit senior management support and b) whether adequate project and change management resources are available and will be sustained throughout the project's development.

Additionally, it was recognised that e-procurement projects have demonstrated the potential to achieve the targets set for them by the national and sector strategies. However, this dissertation identified project management and change management issues that need to be addressed by future e-procurement policy decisions in order to minimise obstacles to achieving this potential:

- Individual agencies need to be encouraged to acknowledge the business opportunities being addressed by e-procurement and be convinced of the opportunities arising for them from the change;
- Strong coalitions of stakeholders at national, sector and local level need to be created and fostered if change is to be led through the system;
- Project plans and definitions must to be realistic and regularly reviewed by those involved in implementation;
- Project education, training and enabling structures should articulate the business opportunities arising from e-procurement and should target all relevant stakeholders.
- Stakeholder involvement can help foster buy-in and sense of ownership, however to be most effective the involvement of a comprehensive range of stakeholders is required; and
- Projects that are implemented at the sector or national level may require a more structured approach to change management planning and may benefit more from broad political support than locally implemented projects.

The findings of this dissertation also suggested that the decentralisation of responsibility for the public procurement function, difficulties experienced in accurately measuring savings achieved, individual agencies' ability to retain savings achieved, the interoperability of e-procurement systems and supplier e-readiness also have a significant impact on e-procurement efforts.

MÍCHÉAL SMITH

TG4: THE RATIONALE FOR ITS CREATION, ITS PERFORMANCE AND IMPACT

The objective of this paper is to analyse what is being achieved by the exchequer's funding of TG4 and to provide a basis on which more informed decisions can be made on whether funding should continue and at what level.

Teilifís na Gaeilge, or TG4 as it became known as in 1999, first broadcast on 31st October 1996 and since then has established itself as a key Irish language service. The most prominent need for an Irish language TV station arose from the demands of the various Irish-speaking communities for their right to have a television service in their first, chosen and second language. TG4's is a Public Service broadcaster, whose main objective is to serve the whole community of Ireland, particularly Irish speakers, with a large range of quality innovative programmes primarily in the Irish language. TG4's objectives are validated by the requirement of safeguards for minorities by democratic standards, but also EU and international obligations, of which the provision of a television service in their own language is a key support.

TG4 has been relatively successful in the fulfilment of its objectives. It is available to the vast majority of people in Ireland and has significantly increased the level, quality and variety of Irish language programming on TV. TG4 has also been innovative in its use of the independent sector to produce diverse programming and in its mixed focus on local and national issues. There is a strong argument that TG4 is catering for the interests and preferences of its audience; various surveys and interviews undertaken indicate that attitudes towards TG4 are positive with people describing its programming in terms such as 'innovative', and 'different'. Another result has been the steady growth of TG4's audience share over the years from an average of 1.1% in 1997 to 3.5% in 2004. TG4, as a policy investment, has been more effective than the alternative, which existed pre-1996, of providing limited Irish language programming on RTÉ.

TG4's funding to date has been modest and to an extent inconsistent. However, through a well-managed use of resources it has presented programmes and a schedule that are of a large variety and of a high quality. The comparison of cost

effectiveness indicators derived for both TG4 and S4C compounds the fact that TG4 is achieving commendable results from a low cost base.

The most tangible impact of TG4's activity has been a significant boost to the Gaeltacht economy through the creation of jobs in the audio-visual sector, and other support sectors. This may have been achievable through other investments but investment in TG4 has provided opportunities in the attractive area of broadcasting. Analysis of the linguistic impacts of TG4 was much more difficult. Research suggests that TG4 is helping attitudes amongst the population towards the Irish language and increasing the confidence of Irish speakers. The focus group interviews and survey results did indicate that a large majority of people believe TG4 is having a positive impact on the language, but detailed research using disaggregated data over a substantial period of time, and more extensive surveys are required to provide a definitive assessment of TG4's impact on numbers and competence levels of Irish speakers. The impact indicators used in this dissertation, along with result indicators such as audience levels and targeted market surveys, can be used into the future in order to assess how far TG4 has moved towards what could be considered its ultimate goal of creating a critical mass of skills in the industry, opportunities, resources, Irish language viewers, and enthusiasm towards the language both amongst Irish speakers and the general population so as to enable the station to broadcast without the need for government intervention. This ultimate goal may seem unrealistic but the creation of TG4 is a positive step and with many of the world's minority languages teetering on the brink of extinction, if the question were asked, "is TG4 helping the Irish language to survive?" then the answer is a definite yes.

Overall it can be concluded that TG4 is providing value for money and the broadcaster warrants the allocation of public funding on a current and ongoing basis. However, the level of public funding required is difficult to assess. Using the evidence gathered it could be argued that TG4 should receive additional funding but it could also be argued using the same evidence that TG4's funding is at a optimum in terms of value for money. To resolve this issue will require further more extensive research into the value added of any new investment, and into public opinion. However, there is a strong case for an appropriate mechanism of funding TG4 to be determined in order to provide more clarity and consistency. This will become much more

important if TG4 becomes an independent entity, as provided for in the Broadcasting Act 2001.

DONAL SPELLMAN

AN ANALYSIS OF THE IRISH DAIRY HYGIENE INVESTMENT AID SCHEME

This dissertation analyses the policy of subsidising Irish dairy farmers, via the Dairy Hygiene Scheme, for the development of their facilities to ensure they comply with EU Regulation Milk Directive 92/49/EEC. The necessity to satisfy this regulation first originated in 1996 in Ireland, at which time facilities on dairy farms would have been considered quite poor, particularly among the smaller milk producers. Nine years later the Dairy Hygiene Scheme still exists, almost identical to its original format, to assist Irish dairy farmers to comply with EU hygiene and quality standards.

Analysing this topic involved a considerable amount of research to help draw a balanced conclusion. Firstly, the background and future of dairy farming was researched. This exposed the major changes that are occurring now and have occurred in dairy farming and the dairy industry in the recent past. The introduction of milk quotas was one of the biggest policy decisions to affect the industry, which capped production and avenues available for expansion to dairy farmers in Ireland and throughout the EU. The quota system will be in place until at least 2015. In more recent years, just to remain viable, dairy herds have increased in size as milk prices continue to fall and profit margins become tighter. Compensatory payments are now made to farmers to help cope with falling prices.

The Dairy Hygiene Scheme itself has undergone changes since its inception in 1996. The stark difference between over subscription of the original scheme to the poor uptake of the current scheme is interesting. The scheme has evolved from being solely focused on hygiene, to currently encouraging increased efficiencies, in conjunction with improved quality and hygiene. Investment and income ceilings are slow to be adjusted, given the current economic climate and the major rationalisation of the dairy industry currently ongoing.

The view of relevant interest groups and milk processors are also examined. All interest groups are in favour of the retention of the scheme and recommend numerous amendments to the current scheme to help dairy farmers through current challenging times. Milk processors also commend the scheme and recognise the part

it has played in the radical improvement of milk quality in Ireland over the past ten years.

In the absence of detailed Department of Agriculture & Food records a sample survey of recipients is undertaken. This gives a representation of how the beneficiaries of the scheme perceive it. It helps disclose the characteristics of the dairy farmers who avail of this scheme, and what they believe is the scheme's greatest benefits.

Detailed analysis of information gathered helps to draw conclusions and recommendations.

Drawing all the research and information together leads to the conclusion that the Dairy Hygiene Scheme in its current form should be discontinued. Hygiene and quality are no the problems they were ten years ago. However, The scheme is important in rural development policy and there may be ground for its continuance under this heading.

If it is to be continued it must be targeted at the correct dairy farmer group. While targeting smaller producers is justifiable given their investment constraints, rationalisation of the dairy industry may force some of these farmers to exit the industry, even after receiving subsidisation. Targeting farmers who will remain in milk production in the medium to long term, thus returning some value for money to both the EU and the Irish Exchequer, would seem prudent on economic grounds. The current policy of discouraging expansion should be amended, particularly as quota will become more freely available to farmers who wish to expand post decoupling of subsidy payments.

Joanne Vance

Primary Care and Health Inequality: New Models of Delivery

This dissertation discusses the processes involved in the implementation phase of Primary Care Strategy in Ireland. It questions the potential of the Strategy to deliver the changes required to bring about the necessary reform of the Irish Health Service.

The dissertation begins with a description of the Strategy and an overview of rationale behind it; and the factors shaping its introduction. The importance of evaluation in strategic policy making is also highlighted. The challenges in conducting health sector evaluation are further discussed in the methodology (Chapter 2).

Chapter 3 describes the model for primary care and situates the Strategy within the national social and economic policy context. Chapter 4 critiques the implementation phase of the Strategy comparing it to international best practice in primary health care.

Chapter 5 presents the findings of the case study evaluation conducted with the Lifford and Castletinn Primary Care Team. The dissertation then considers the findings in the context of organisational reform and argues that a swifter model of implementation is required if Primary Care Development Policy is to succeed in its objectives to reduce demand on secondary care and to deliver a comprehensive first contact service to address health inequalities in Ireland (Chapter 6).

The concluding chapter draws together the key findings, making recommendations on the basis of the research findings.

Due to the institutional detail required and the complexity of the case study, permission was sought and received to extend the length of the dissertation beyond what is standard for the degree programme.

Andrew E. Van Ostrand

Development Aid Policy at the Crossroads – A Critical Analysis of Current Issues, Problems, and Solutions

This dissertation is a critical analysis of the current problems facing economic development aid policy. My analysis, whenever possible and relevant, has used current, primary data and statistics as its base. The analysis of this data has been applied to a critical examination of the structural, economic, political, and strategic forces that have shaped current global development aid policy.

Development aid policy is, in many ways, at a crossroads. Few economists, scholars, or politicians disagree that changes are needed to ensure that development aid from western (rich) countries has the needed and desired impact of serving those in the developing world. The evolution of policy in this sphere has been marked by a bevy of failures and a lack of cohesive action on the part of donor countries. Numerous targets have been set, agreements devised, policy papers written, books published, and yet the effectiveness of development aid (and policy) has been uneven and is frequently called into question.

The Millennium Development Goals, agreed upon by donor countries in September of 2000, are central to any discussion of current aid policy. In many ways they represent a giant step forward in improving the coordination and deployment of development aid. That said, the past five years have seen marginal achievement and many of the Goals' long-term goals appear at risk of not being realised. I examine the Goals themselves, their evolution in historical context, their shortcomings, and possible ways to get them 'back on track'. A macro look at the main pillars of development aid policy – aid, institutions, and globalisation – precede this discrete examination of the Millennium Development Goals.

My final chapter critically examines the most pressing large-scale problems facing development aid policy, including the interference of strategic and political interests, the failure of donor states to put forward enough funds, the endemic lack of coordination, and the needless administrative costs that undermine aid effectiveness. This close look at current problems is followed by a solution oriented framework that attempts to track a reasonable and progressive way forward.

Troy William Wasilefsky

**The President's Emergency Action Plan for AIDS Relief:
The Challenge Posed by the Human Resources for Health Crisis**

This dissertation examines the current worldwide deficit in health workers in the context of the President's Emergency Action Plan for AIDS Relief (PEPFAR). In particular, this paper looks at the current state of human resources for health across the world and specifically within the 15 PEPFAR focus countries, the constraining effect that the lack of adequate human resources for health has on the attainment of PEPFAR's goals to rapidly scale up antiretroviral treatment, and the actions PEPFAR has taken thus far to address the human resource for health crisis.

An overview of the current impact of HIV/AIDS on demographics and economics is discussed to provide background to the efforts underway via PEPFAR. A review of the literature currently available on PEPFAR is utilized to describe the structure and actions of the program to date. A review of the literature regarding the state of human resources for health across the 15 PEPFAR focus countries and the challenges to scaling up antiretroviral treatment in resource limited settings is also presented. A discussion of the results of PEPFAR actions to address the human resource for health crisis is presented from a review of current available literature. Finally, a case study of Kenya, based on an interview with Kenya's PEPFAR Interagency Coordinator, is provided.

The analysis reveals that the crisis in health worker human resources is particularly acute in the 15 PEPFAR focus countries and is a significant constraint to the attainment of PEPFAR's goal in treating 2 million people infected with HIV. Despite this, there is little evidence of significant attention or work to date to address the crisis, with correspondingly few actual results.