

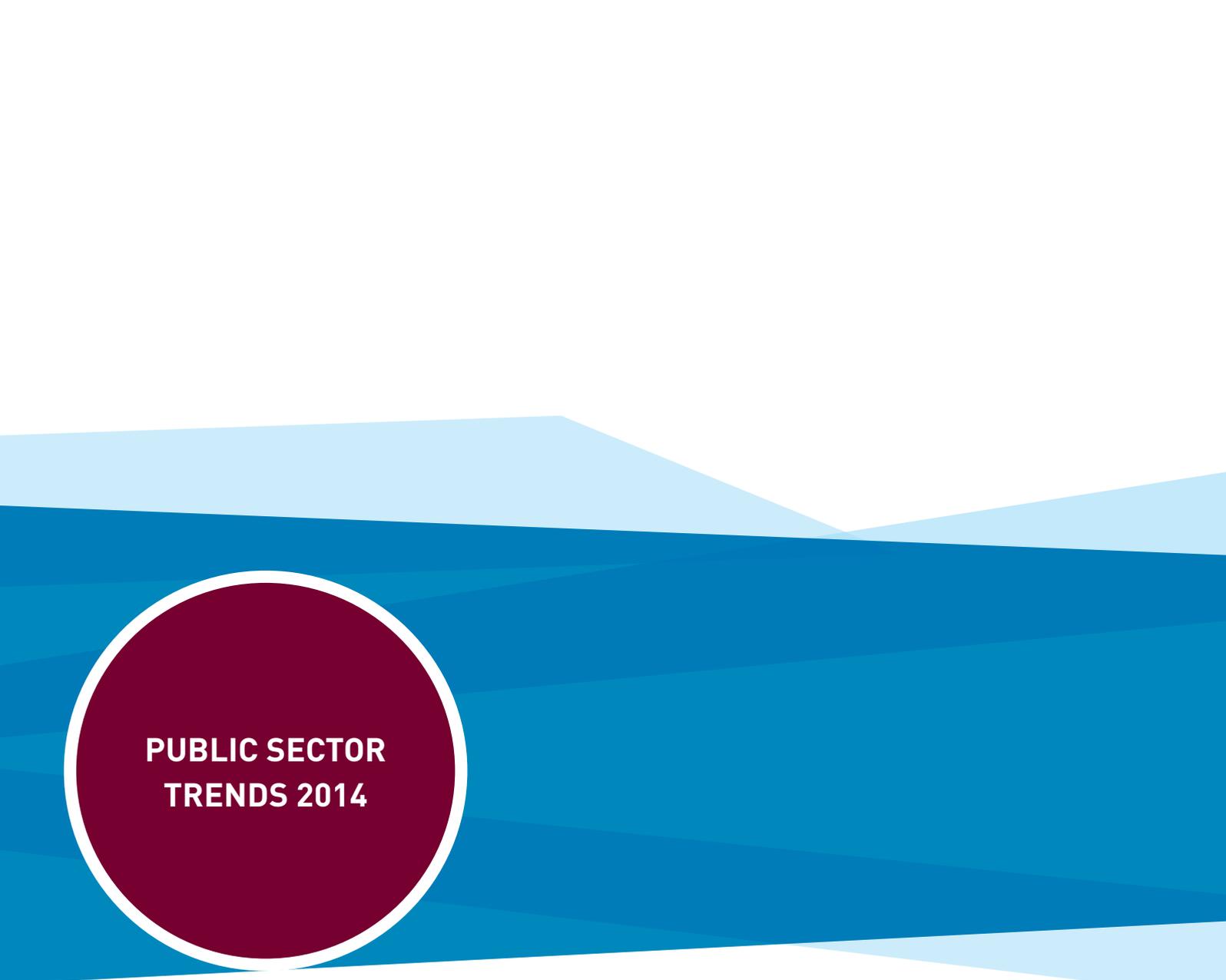
# PUBLIC SECTOR TRENDS 2014



STATE OF THE PUBLIC SERVICE SERIES | DECEMBER 2014

RICHARD BOYLE

RESEARCH PAPER | NO 15



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Appendix 1 Indicators used to make up the IPA Public Administration Quality indicator

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## FOREWORD

This report examines trends in public sector development and is the sixth in our annual series. The intention is to help inform the debate on Ireland's public sector and public administration, and its role in Irish society.

Here we try to bring some evidence to bear on the important debate on the future shape and size of the public sector. Using data gathered from a number of sources, information on the size and cost of the public sector, the quality of public administration, efficiency and performance, and levels of trust and confidence is presented in a simple but rigorous manner.

In the State of the Public Service research series, we seek to provide evidence-informed research and commentary on key aspects of contemporary Irish public administration. The authors of these reports bring their considerable expertise and practical knowledge to the topics selected so as to provide evidence, insights and recommendations to support future development. Our aim is that these reports will not only inform, but also challenge current thinking about how the Irish public service performs. It is intended that these short research reports will be of relevance and use not only to public servants, but also to policy makers and the wider public.

Brian Cawley  
**Director General**  
Institute of Public Administration

## MAIN FINDINGS

### The size and cost of the public sector

- Since 2011, as spending reductions introduced by the government came into effect, government expenditure as a percentage of GDP had fallen considerably. In 2013, at 43 per cent of GDP, Ireland's public spending is significantly below the European average. If GNI (gross national income) figures are used instead of GDP, government expenditure is close to the European average.
- From 2011, general government expenditure per head fell significantly, and in 2013 was at just over €15,000 per head, below 2007 levels. Government expenditure per person in Ireland in 2013 was the ninth highest in Europe.
- From its peak in 2008, the total number of people employed in the public service has dropped from 320,000 in 2000 to 288,000 in 2014, a drop of 10 per cent. The number of people employed in the public service in 2014 is below the level of employment in 2005.
- Two out of every three people employed in the public service work in either health or education. Since 2008, numbers employed in the health sector have been falling constantly (a 13 per cent drop since 2008), while numbers employed in the education sector have remained relatively stable (a 3 per cent drop since 2008). Local authorities have faced the biggest drop in employment: 21 per cent since 2008.
- A combination of a shrinking public workforce and a growing population means that public service employees per 000 population has been dropping since 2008 and is at 63.6 public service employees per 000 population in 2014. There are approximately 10 less public service employees per 000 people than there was in 2008.
- Over the past decade public service employment has generally remained around 15 to 16 per cent of total employment, and in 2014 is at 15.2 per cent of the labour force. This is in the middle grouping of European countries.
- From 2008 to 2014, as the cutbacks in numbers and pay introduced by the Government have taken effect, expenditure on public service pay and pensions has decreased from its high of €18.7bn to €15.9bn in 2014.
- Average weekly earnings across the public sector have fallen by 5 per cent from 2009 to 2013. The biggest falls

have been in the defence (-14 per cent) and regional bodies (-13 per cent) sub-sectors. By contrast, there have been small increases in average weekly earnings in the Garda Síochána (+1.6 per cent) and commercial semi-state bodies (+2.2 per cent).

### The quality and efficiency of public administration

- Surveys of business executives show that the quality of Ireland's public administration is seen as above the European average, and as having improved since 2010. Ireland came 3rd of the EU28 on this indicator in 2014, behind Finland and Sweden.
- Ireland's score on an indicator ranking the upholding of traditional public service values such as independence from political interference, freedom from bribery and corruption, and reliability and administrative fairness has improved in each of the last four years.
- The World Bank produces an annual composite indicator of government effectiveness. In 2012 (the latest year for which data is available) Ireland ranked 9th of the EU28 against this indicator, maintaining an improvement every year since 2009.
- The impact of the regulatory problems identified in the financial sector in 2009 has clearly impacted on a World Bank regulatory quality indicator, and Ireland was the 7th ranked European country on this indicator in 2012, down from 1st in 2008.
- Compared to most European countries, bureaucracy in Ireland is not seen as a particular hindrance to business activity. Only in Finland is bureaucracy seen as less burdensome.
- The same opinion surveys, though, show that there is a perception that the composition of government spending is wasteful. Ireland has improved on this indicator in recent years, however, and is now back above the European average, ranking 8th of the EU28.
- Ireland was ranked 4th out of the EU28 in 2014 against an indicator measuring perceptions that government decisions are effectively implemented.
- Ireland continues to do relatively well amongst European countries against World Bank indicators that assess the impact of public administration on the ability of companies to do business. The efficiency of the tax regime comes out particularly strongly.

- Timeliness is an important indicator of quality and efficiency. Among the countries where a time standard is set for processing of personal tax returns, Ireland performs exceptionally well. In the justice sector, in surveys of trial length of first-instance civil trial cases, Ireland comes in the middle range of European performance.

## Sectoral performance

### Education

- The OECD Programme for International Student Assessment (PISA) survey is an internationally standardised assessment administered to 15-year olds in schools. The 2012 PISA survey shows that Ireland has a higher ranking than the European average in maths, sciences and reading. From 2009, when the previous PISA survey was conducted, Ireland's score and ranking has improved.
- Ireland delivers a good level of educational efficiency when comparing reading performance to spending per student across Europe. However, a lower level of efficiency, around the average expected, is shown when comparing maths performance to spending.
- From 2010, the opinion of executives that Ireland's education system meets the needs of a competitive economy has improved.

### Health

- Ireland performs well compared to most European countries with regard to both life expectancy at birth and healthy life expectancy at birth.
- Ireland has a level of life expectancy roughly as might be expected given the level of expenditure, suggesting cost-effectiveness is neither particularly good nor particularly bad.
- Against a 'basket' of outcomes assessed by the Euro Health Consumer Index, Ireland performs around the EU28 average.
- Ireland's hospitals display comparatively high levels of efficiency compared to other European countries with regard to length of stay in hospital.

## Trust and confidence in public administration

- There was a dramatic fall in the level of trust in government in Ireland from 2008 to 2010. Since then

reported levels of trust have fluctuated somewhat, but remain relatively low, and below the European average, at around 20 per cent saying they have trust in government. Trust in parliament displays a similar pattern and level of trust.

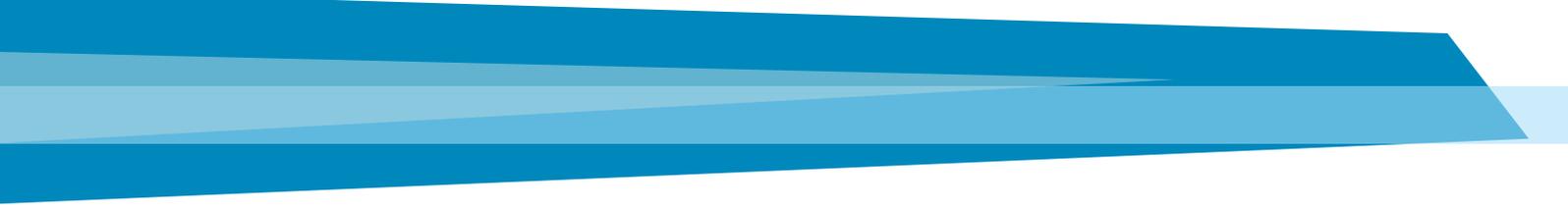
- Trust in regional and local authorities in Ireland is low compared to most European countries. However, since 2011 reported levels of trust have been increasing and are now close to the European average.
- Citizens' level of satisfaction with public services varies significantly by sector. Satisfaction with the education system and schools is the highest in Europe, whereas satisfaction with the quality of health care is below the European average. Confidence in the justice system and courts is quite high, while confidence in the local police is around the average in Europe.
- The overall number of complaints received by Ombudsman offices (office of the Ombudsman, Garda Síochána Ombudsman, Ombudsman for Children and An Coimisinéir Teanga) was running at 6-7000 per year from 2007 to 2009. It then increased in 2010, and is currently running at just under 8000 per year.

## Conclusions

In many ways the figures presented here show a positive picture of the state of the public service in Ireland in 2014. Costs have been brought down and numbers reduced at a time of a growing population and increasing demands. At the same time, indicators of quality and timeliness of service show quality being maintained or even improved in some areas. Given the scale of change faced by the public service this is a noteworthy achievement.

This is not to say that there are no problems and challenges facing the public sector. Efficiency and cost-effectiveness can still be improved in many areas. Trust and confidence in public services remains low. Time lag effects may lead to quality issues emerging in subsequent years. In few areas is Ireland at the leading edge of Europe with regard to its public administration. And numbers employed cannot continue to fall as demand increases and the age profile of the public service increases.

As the immediate impacts of the recession and the austerity related programmes end, the public sector now needs to move into a new phase of reform and development. As new



staff are employed and services developed, it is important that the quest for efficiency and savings is maintained, and that the efficiency gains achieved in the last few years are not dissipated. The data presented in the annual Public Sector Trends series will continue to provide evidence of the effects of reform and how well our public services are working.

## 1. INTRODUCTION

There are no clear or agreed definitions for comparative ranking of public administrations. But most people would agree that a number of elements need to be included in any assessment:

- *The size and cost of the public sector.* While size and cost alone are not the sole or even main determinants of good public administration, nevertheless in terms of value for money in the delivery of public services, keeping check on the size and cost of the public sector and public service is an important consideration.
- *The quality and efficiency of public administration.* Public administration includes policy making, policy legislation and management of the public sector. Such dimensions of public administration can often only be measured by subjective indicators of quality which give a sense of how good the public administration is. There is also an onus on public administration to show that services are being provided efficiently.
- *Sectoral performance.* The delivery of social and economic outcomes in an efficient manner is central to an effective public administration.
- *Trust and confidence in public administration.* The general public ultimately must have trust and confidence in the public administration of a country if it is to be effective.

In this study we examine indicators for each of these four elements of public administration. Where possible and appropriate, data is included for other European countries, in order to enable comparisons to be made. Also, where data are available, we have provided trend data going back over the last decade. The intention is to provide a snapshot of trends in public administration performance in Ireland, to highlight where we are doing well, what challenges are presented and where improvements need to be made.

In a number of charts, as well as showing Ireland's rating relative to the European Union (EU) averages, the top ranked and bottom ranked country as at the time of the most recent data gathering are included for comparative purposes.

In its style and content, the report draws on a number of efforts to benchmark and compare public sector efficiency and performance. These include a European Central Bank (ECB) international comparison of public sector efficiency<sup>1</sup>,

a study by the Netherlands Social and Cultural Planning Office (SCP) of comparative public sector performance<sup>2</sup>, the World Bank governance indicators project<sup>3</sup>, the OECD Government at a Glance project<sup>4</sup>, and an IPA study comparing public administrations<sup>5</sup>.

### A word of caution about data limitations

The data presented here needs to be interpreted with great care. First, there is the issue of whether the indicators used to represent public administration provision and quality really captures what public service is about. Indicators, by their nature, only give a partial picture. Second, much of the international comparative data in this report is qualitative data derived from opinion surveys. This survey data largely comprises small-scale samples of opinion from academics, managers and experts in the business community. The survey data is thus limited both in terms of its overall reliability and the fact that it represents the views of limited sections of the community. Third, the point scores arrived at on some indicators (on a scale from 1–10 for the IMD and WEF data and between –2.5 and +2.5 for the World Bank governance indicators) should not be interpreted too strictly, as there are margins of error associated with these estimates. Fourth, changes over time should be viewed cautiously. Many of the indicators assessed represent 'snapshots' at one particular point in time. Small shifts in annual ranking are not particularly meaningful.

In all, when interpreting the findings set out in this paper, these limitations should be borne in mind. In particular, small variations in scores should be interpreted cautiously. These may be no more than random variations to be expected given the data being used. What is of interest is to identify broad patterns emerging from the data.

<sup>1</sup> Afonso et al (2003)

<sup>2</sup> Social Cultural and Planning Office (2004)

<sup>3</sup> See <http://info.worldbank.org/governance/wgi/index.asp>

<sup>4</sup> See <http://www.oecd.org/governance/govataglace.htm>

<sup>5</sup> Boyle (2007)

## 2. THE SIZE AND COST OF THE PUBLIC SECTOR

There are a range of indicators that show the size and cost of the public sector and public service<sup>6</sup>. Government expenditure as a share of GDP/GNI<sup>7</sup>, level of public expenditure per head of population and public service employment trends all give a sense of size. The cost of the public sector is shown by data on the Exchequer pay and pensions bill.

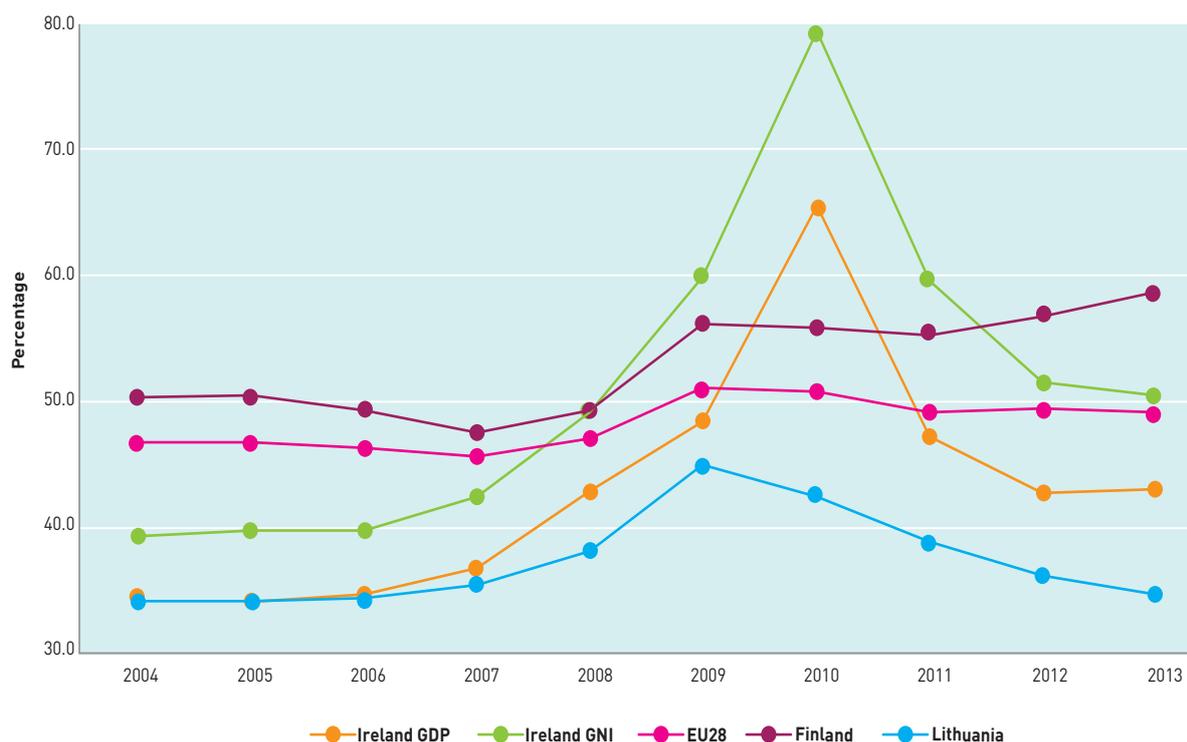
<sup>6</sup> In this study, the public service is defined as the public sector minus the commercial state-sponsored bodies.

<sup>7</sup> Gross National Income (GNI) is equal to Gross National Product (GNP) plus EU subsidies less EU taxes. The relationship between GDP and GNI in Ireland is unusual among EU countries, with Luxembourg the only other country where the difference between the two measures is large. The gap reflects the magnitude of repatriated profits from Ireland that inflates the GDP figure.

## Government expenditure as a share of the economy in Ireland is below the EU28 average

**FIGURE 1 GENERAL GOVERNMENT EXPENDITURE AS SHARE OF GDP/GNI**

Source: Eurostat and CSO.



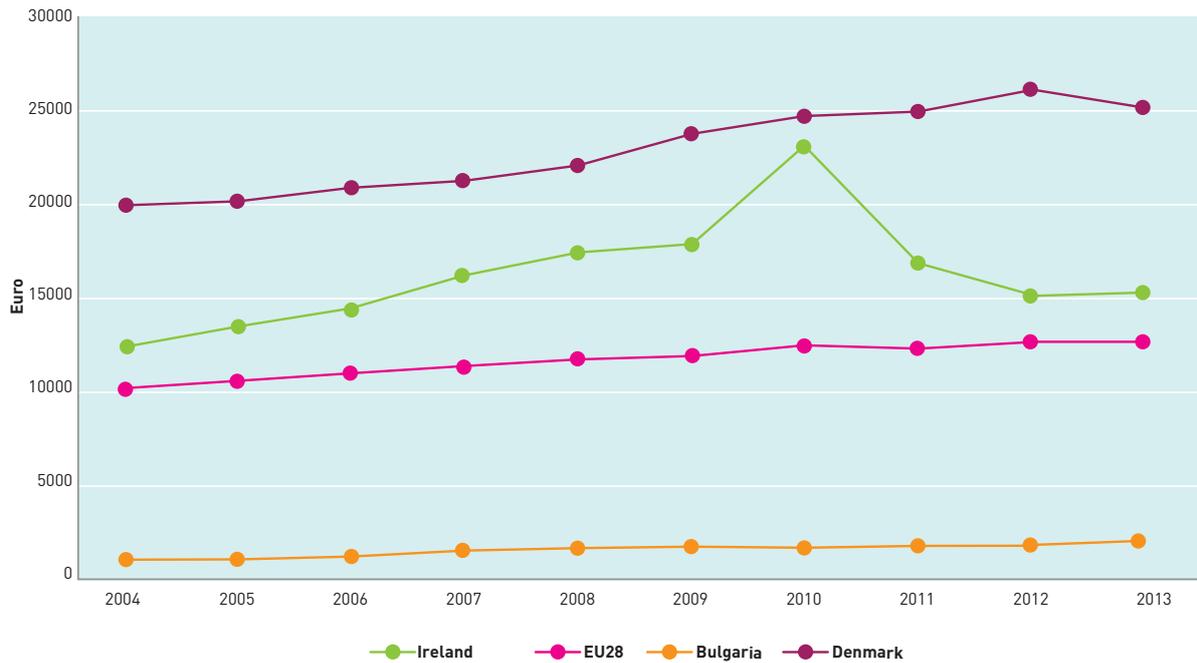
- A commonly used indicator of public spending in the economy is expenditure as a percentage of GDP (gross domestic product). In the early to mid-2000s, using this indicator, Ireland had a very small share of public spending compared to most EU countries.
- However, from 2008 to 2010, as GDP shrank as a result of the recession, Ireland's government expenditure as a percentage of GDP increased rapidly. The particularly large increase in 2010 is mostly explained by the impact on government expenditure of specific government support to banks during the financial crisis, in the form of capital injections.
- Since 2011, as spending reductions introduced by the government came into effect, expenditure as a percentage of GDP had fallen considerably. In 2013, at 43 per cent of GDP, Ireland's public spending is significantly below the European average.
- An alternative indicator to assess the comparative size of Ireland's public spending is to use GNI (gross national income) rather than GDP, as GNI does not include repatriated profits from Ireland which inflate the GDP figure. Using this GNI indicator, the size of the public sector has been above the EU average since 2007. In 2013 government expenditure as a percentage of GNI was 50.3 per cent, now close to the European average of 49 per cent.

<sup>8</sup> See for example Foley (2009), pp.75-76. Ireland and Luxembourg are the two EU countries where there is a substantial difference between GDP and GNI. In most other countries the two figures are broadly similar.

Government expenditure per head of population, having grown significantly faster than the EU average, fell back in 2011 and is stable at present

FIGURE 2 GENERAL GOVERNMENT EXPENDITURE PER HEAD OF POPULATION

Source: Eurostat



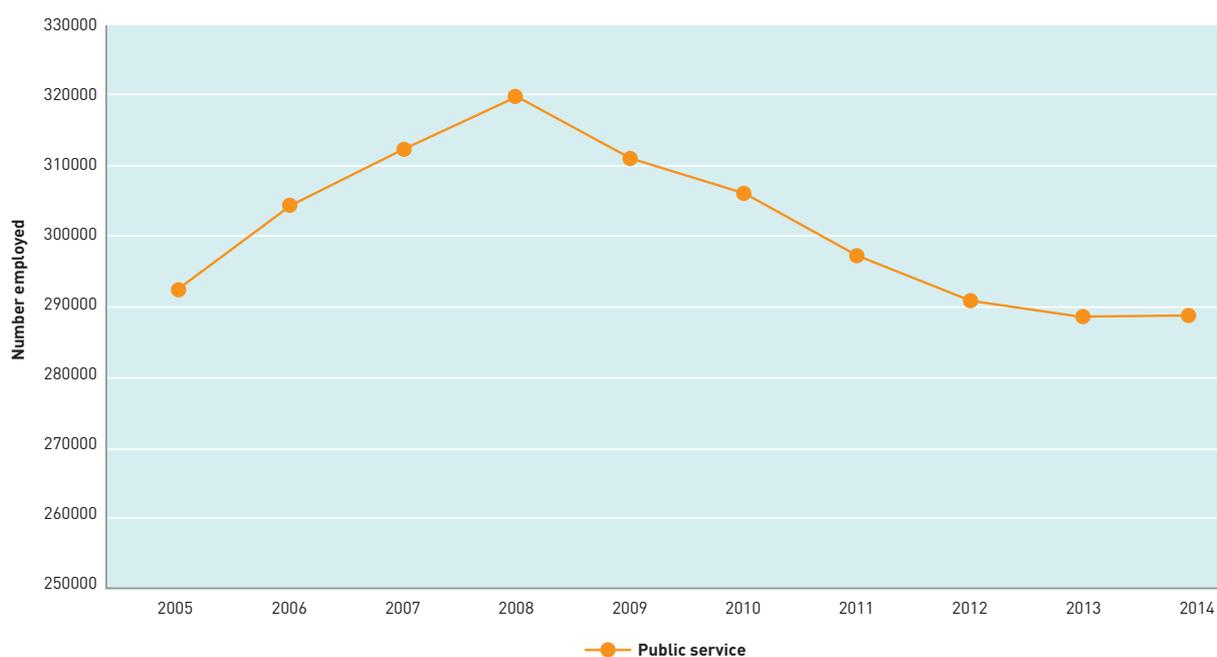
- An alternative way of looking at the relative size of public spending is to examine government expenditure per head of population.
- Expenditure per head of population grew faster in Ireland than the EU average on this indicator up to 2010. The effect of government support for the banks is clearly visible on the impact on the figures for 2010. From 2011, general government expenditure per head fell significantly, and in 2013 is at just over €15,000 per head, below 2007 levels.
- Government expenditure per person in Ireland in 2013 was the ninth highest in Europe. Denmark, shown on the chart, is one of the highest spenders on this indicator, while Bulgaria has the lowest level of government expenditure per head of population in the EU<sup>9</sup>.

<sup>9</sup> Luxembourg has by far the highest level of general government expenditure per head of population, at €36,324 in 2013, but is atypical. Denmark is more representative of countries that have a high level of government spending per head of population.

## Numbers employed in the public service, are levelling off after a period of steady decline

**FIGURE 3 NUMBERS EMPLOYED IN THE PUBLIC SERVICE**

Source: Department of Public Expenditure and Reform Databank<sup>10</sup>



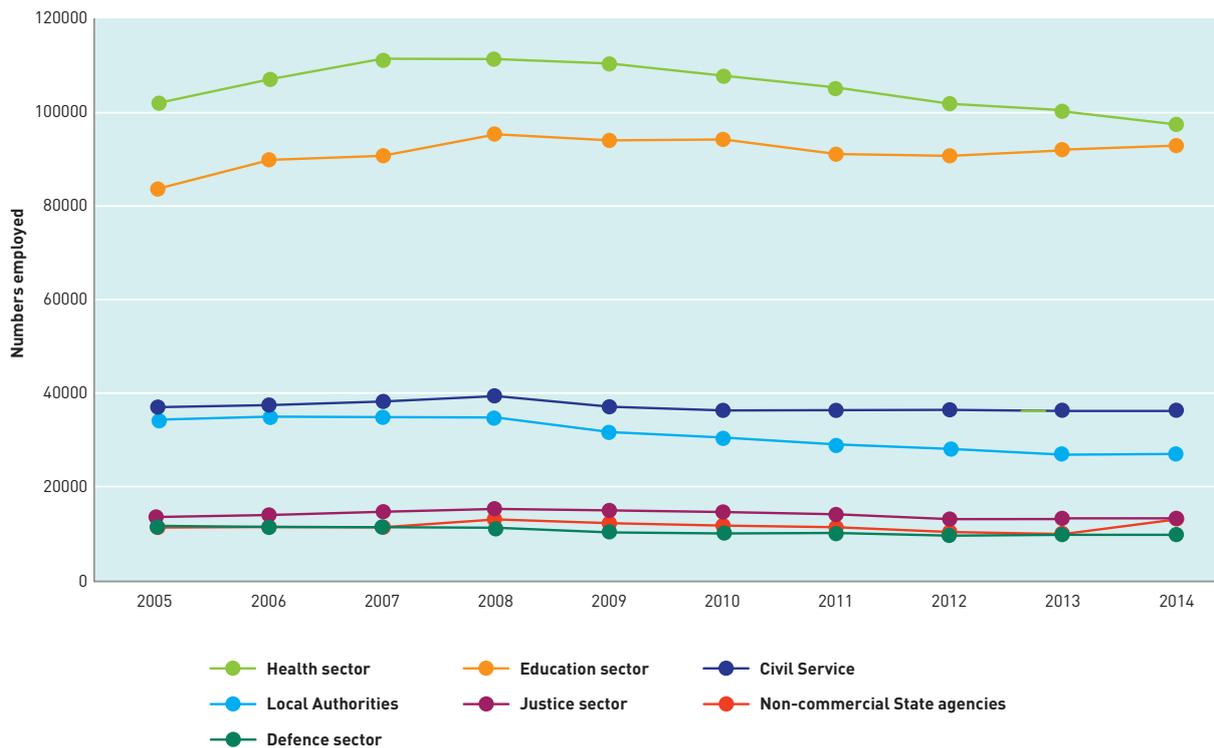
- From its peak in 2008, the total number of people employed in the public service has dropped from 320,000 in 2008 to 288,000 in 2014, a drop of 10 per cent.
- The number of people employed in the public service in 2014 is below the level of employment in 2005.

<sup>10</sup> Figures are for end of year, apart from 2014 which is for Q2

The health and education sectors account for the vast majority of public service jobs. Local authorities have been hardest hit by cutbacks in numbers

FIGURE 4 PUBLIC SERVICE EMPLOYMENT BY SECTOR

Source: Department of Public Expenditure and Reform Databank<sup>11</sup>



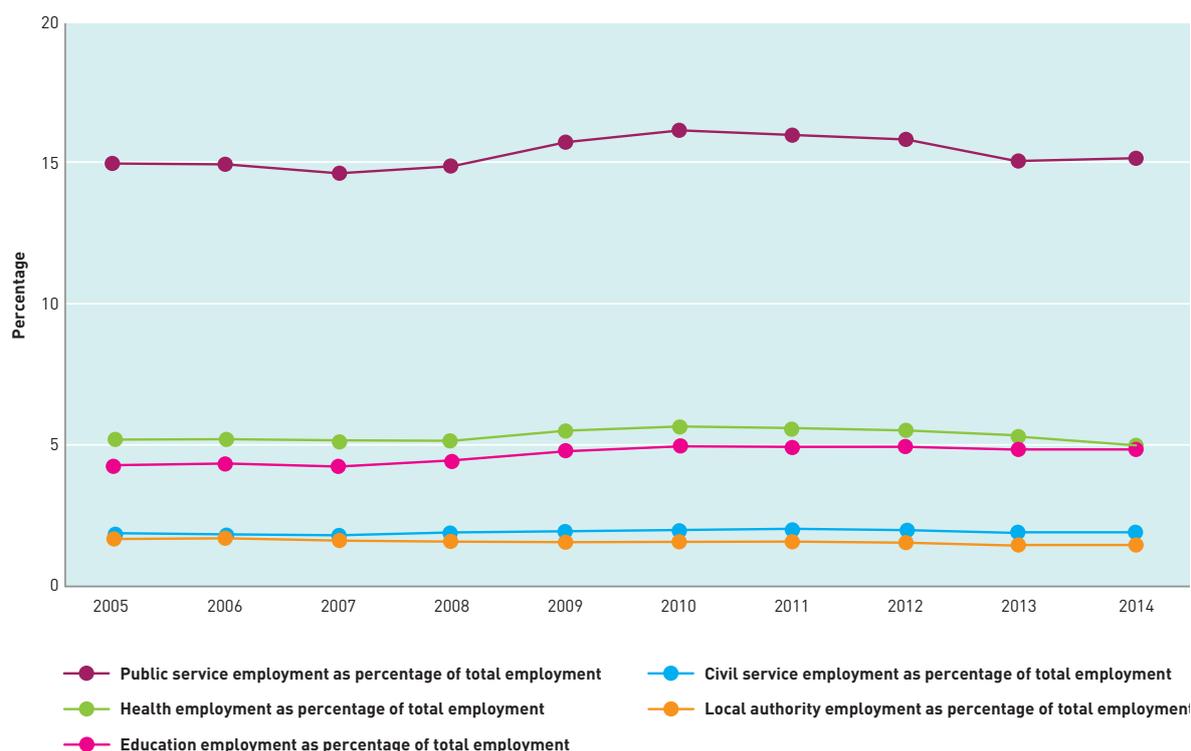
- Growth in public service numbers in the years before 2008 was primarily concentrated in the health and education sectors.
- Two out of every three people employed in the public service work in either health or education. In 2014, there were approximately 97,000 people employed in the health sector and 92,000 people employed in the education sector. Since 2008, numbers employed in the health sector have been falling constantly (a 13 per cent drop since 2008), while numbers employed in the education sector have remained relatively stable (a 3 per cent drop since 2008).
- While numbers have fallen in all sectors since 2008, some have been affected significantly more than others. The biggest drop proportionally has been in local authorities (21 per cent). The smallest drop proportionally has been in the education sector (4 per cent) and civil service (7 per cent).

<sup>11</sup> Figures are for end of year, apart from 2014 which is for Q2

While numbers employed in the public service have risen and fallen, as a proportion of the total workforce they have stayed relatively constant

**FIGURE 5 PUBLIC SERVICE EMPLOYMENT AS PERCENTAGE OF TOTAL EMPLOYMENT**

Source: Department of Public Expenditure and Reform Databank<sup>12</sup>, CSO



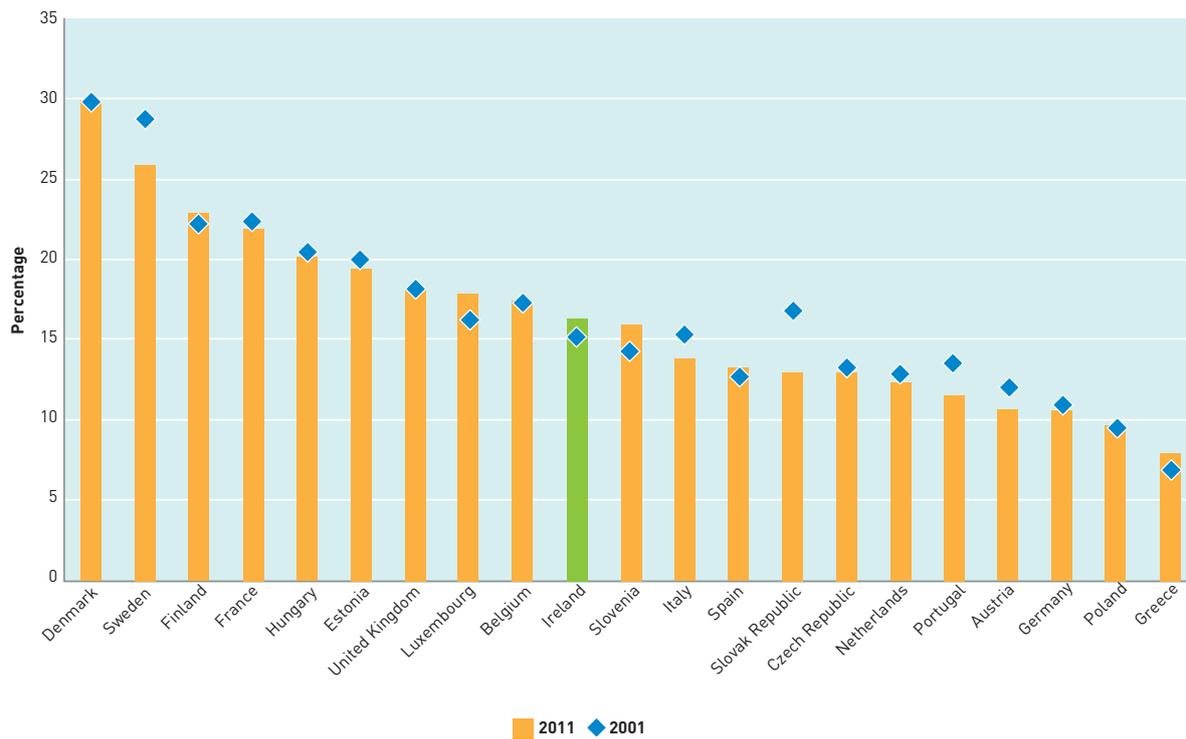
- While public service employment grew slightly as a proportion of the labour force in 2009 and 2010, since 2010 its share of the labour force has dropped back again, to approximately 15 per cent in 2014<sup>13</sup>.
- Over the past decade public service employment has generally remained around 15 to 16 per cent of total employment, and in 2014 is at 15.2 per cent of the labour force.
- Just over 5 per cent of all those in employment in the economy (public and private) are employed in the health sector, and just under 5 per cent in education. Two per cent of those in employment are civil servants, and 1.5 per cent are in local authorities.

<sup>12</sup> Figures are for end of year, apart from 2014 which is for Q2

<sup>13</sup> Much of the public service data provided refers to full-time equivalents rather than actual numbers of people. So public service employment as a percentage of total employment is in reality larger than that reported. The size of the difference is unknown, though Foley (2009, p.86) estimated it at around 1 per cent in 2007.

## Employment in government as a percentage of the labour force is around the European average

**FIGURE 6 EMPLOYMENT IN GENERAL GOVERNMENT AS A PERCENTAGE OF THE LABOUR FORCE (2001 AND 2011)**  
Source: OECD Government at a Glance 2013



- The size of government employment varies significantly amongst European countries, from 30 per cent of the labour force in Denmark to 8 per cent in Greece in 2011. Governments in the Nordic countries employ a higher proportion of the work force than other countries.
- In Ireland in 2011 employment in general government services accounted for 16.4 per cent of the labour force, in the middle grouping of countries surveyed. This percentage was slightly up from 15.2 per cent in 2001.

## Public service employment continues to decline relative to the total population

**FIGURE 7 PUBLIC SERVICE EMPLOYMENT PER 000 POPULATION**

Source: Department of Public Expenditure and Reform Databank<sup>14</sup>, CSO



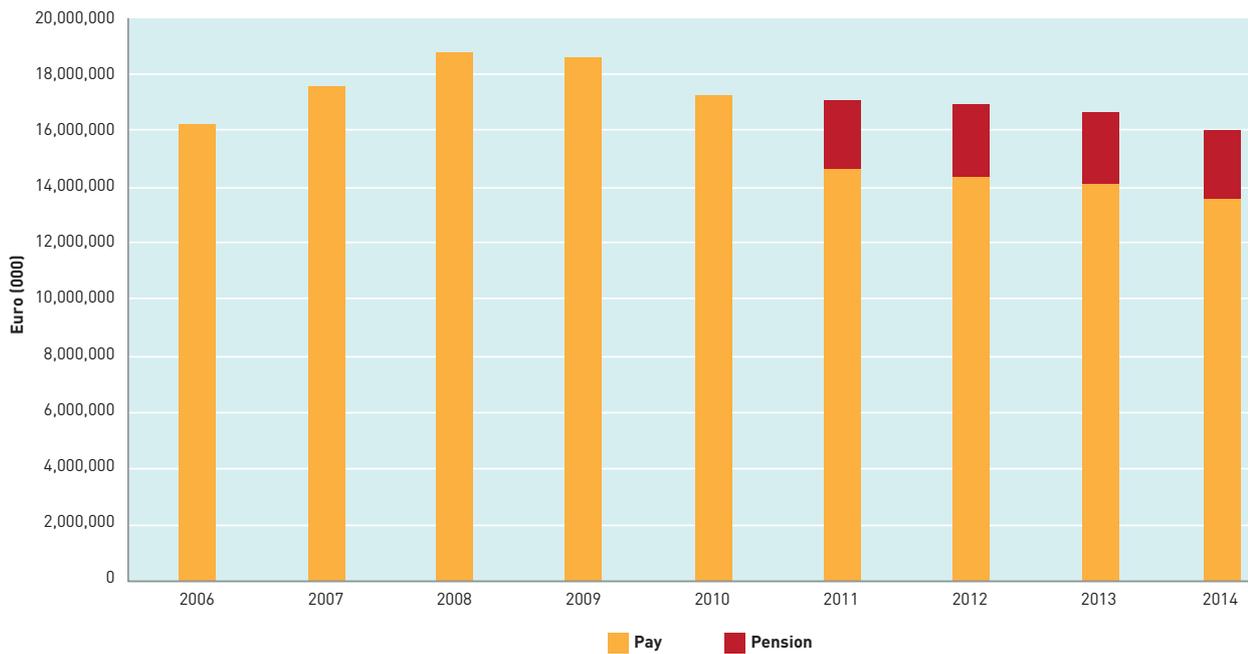
- While public service employment levels have been dropping, the population has continued to increase.
- Public service employment relative to the population was relatively stable at between 70 and 73 public sector employees per 000 population up to 2008, but has been dropping since 2008 and was at 63.6 public service employees per 000 population in 2014.
- There are approximately 10 less public service employees per 000 people than there was in 2008.

<sup>14</sup> Figures are for end of year, apart from 2014 which is for Q2

## Expenditure on public service pay and pensions continues to fall

**FIGURE 8 PUBLIC SERVICE PAY AND PENSIONS**

Source: Department of Public Expenditure and Reform Databank. Separate data on pensions only available from 2011.

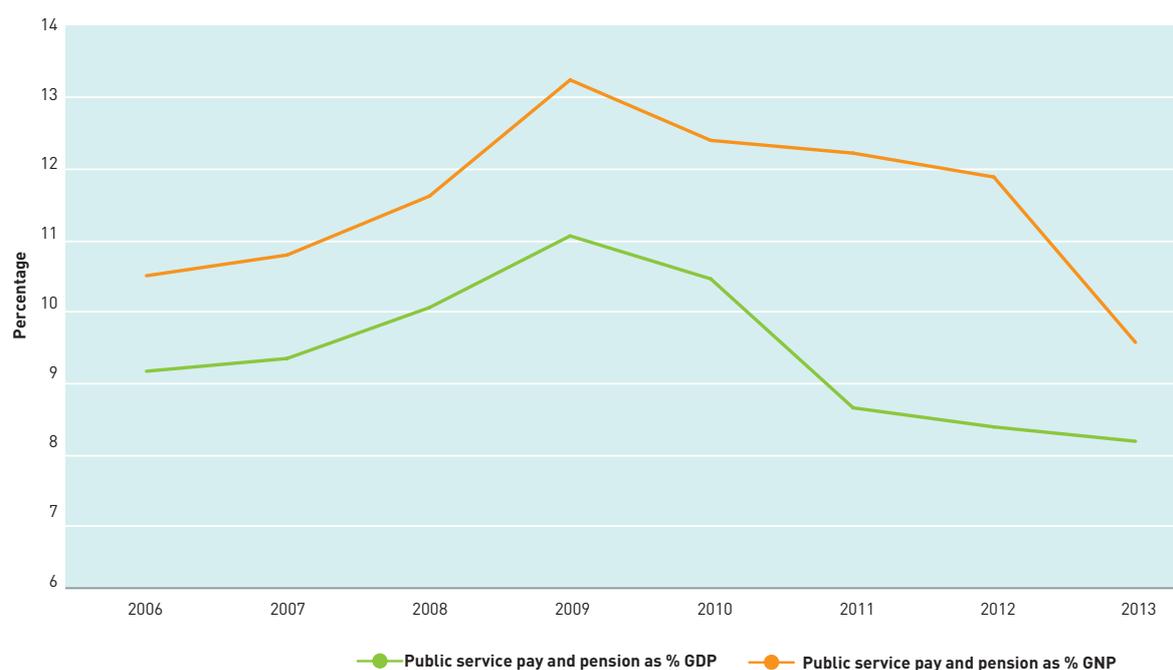


- The public service pay bill and pensions reached a peak of €18.7bn in 2008.
- From 2008 to 2014, as the cutbacks in numbers and pay introduced by the Government have taken effect, expenditure on public service pay and pensions has decreased from its high of €18.7bn to €15.9bn in 2014.
- Pensions account for approximately €2.4bn (15 per cent) of the total pay and pension bill in 2014.

Public service pay and pensions as a percentage of GDP/GNP rose rapidly from 2007 to 2009 but has fallen back and is now below 2006 levels

**FIGURE 9 PUBLIC SERVICE PAY AND PENSION AS A PERCENTAGE OF GDP/GNP**

Source: Department of Public Expenditure and Reform Databank, CSO

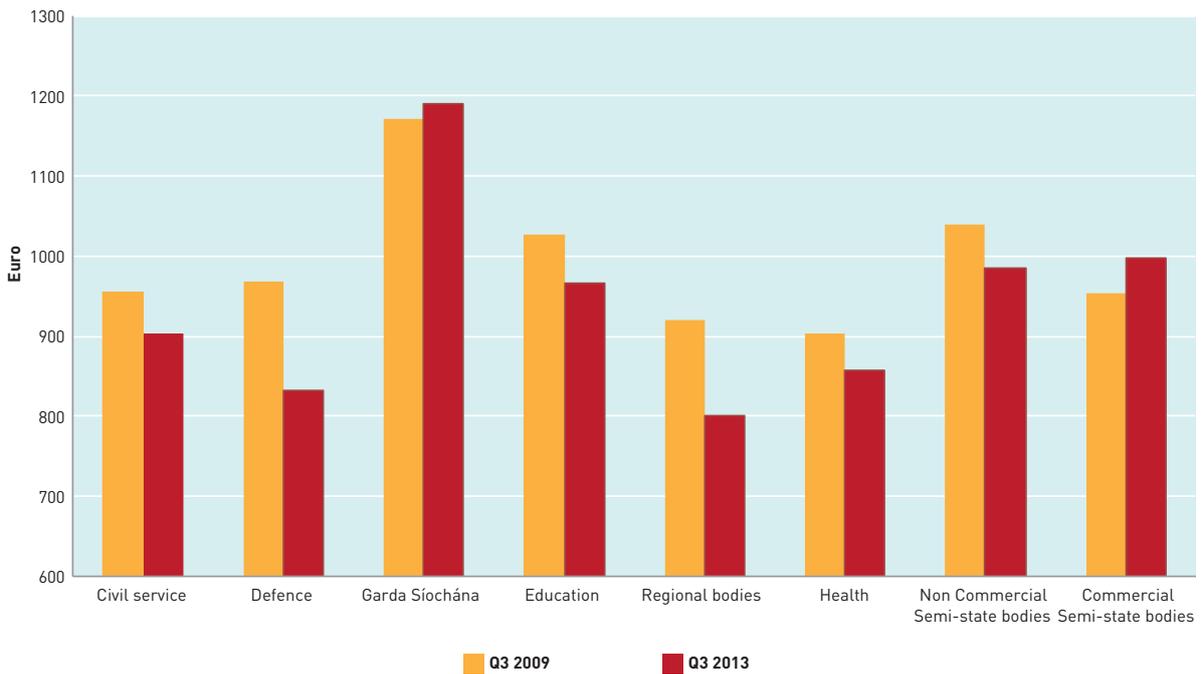


- In 2008 and 2009, as the recession hit, the percentage of GDP and GNP taken up by the public service pay and pensions rose rapidly. In 2009, the Exchequer pay and pensions bill accounted for 11.1 per cent of GDP and 13.3 per cent of GNP.
- The effects of the cutbacks in numbers and pay rates introduced in 2009 has had an impact, with a fall back in the percentage of GDP and GNP taken up by public service pay and pensions from 2010 (8.1 per cent of GDP and 9.5 per cent of GNP in 2013).

## Average weekly earnings in the public sector have fallen overall since 2009 with some variations

**FIGURE 10 PUBLIC SECTOR AVERAGE WEEKLY EARNINGS**

Source: CSO. Figures are for Q3 each year. 2013 figures are a preliminary estimate.



- These are gross earnings figures before deductions for PRSI, tax and other levies. The CSO note that this is particularly relevant to the public sector since March 2009 when the pension levy was introduced.
- Average weekly earnings overall across the public sector have fallen by 5 per cent from 2009 to 2013. The biggest falls have been in the defence (-14 per cent) and regional bodies (-13 per cent) sub-sectors. By contrast, there have been small increases in average weekly earnings in the Garda Síochána (+1.6 per cent) and commercial semi-state bodies (+2.2 per cent).

### 3. THE QUALITY AND EFFICIENCY OF PUBLIC ADMINISTRATION

An indicator of the quality of public administration, based on work undertaken by the Social and Cultural Planning Office (2004) in the Netherlands and taken further by Boyle (2007) is used to assess the quality of public administration. Sixteen indicators derived from both the International Institute for Management Development (IMD) and World Economic Forum (WEF) executive opinion surveys are combined to make up an aggregate public administration quality indicator (see Appendix 1 for details). It is complemented by two subsets of this indicator, one of which shows trends in perception about the application of traditional public service values in public administration, the other showing perceptions of the type of competitive and regulatory regime fostered by public administration.

These quality indicators are supplemented by World Bank indicators of government effectiveness and regulatory quality, developed as part of the World Bank's brief to promote good governance.

With regard to efficiency, information from executive opinion surveys shows perceptions of business people regarding the efficiency of public services. The World Bank Doing Business indicator set provides some information on the efficiency of service provided to business by public administration.

The quality of Irish public administration is seen as above the European average and has improved both absolutely and comparatively since 2010

**FIGURE 11 QUALITY OF PUBLIC ADMINISTRATION SCORE**

Source: IPA analysis based on IMD and WEF data



- This quality indicator measures executives opinions of the quality of public administration as assessed by a range of indicators covering issues such as effective implementation of government decisions and transparency of decision making (see Appendix 1 for full list).
- Ireland's score on the quality of public administration index improved in 2014, both absolutely and compared to the European average. Ireland came 3rd of the EU28 on this indicator in 2014, behind Finland and Sweden.

## Irish maintenance of traditional public service values is seen as continuing to improve against the European average

**FIGURE 12 IRISH MAINTENANCE OF TRADITIONAL PUBLIC SERVICE VALUES IS SEEN AS CONTINUING TO IMPROVE AGAINST THE EUROPEAN AVERAGE**

Source: IPA analysis based on IMD World Competitiveness Yearbook and WEF Global Competitiveness Report

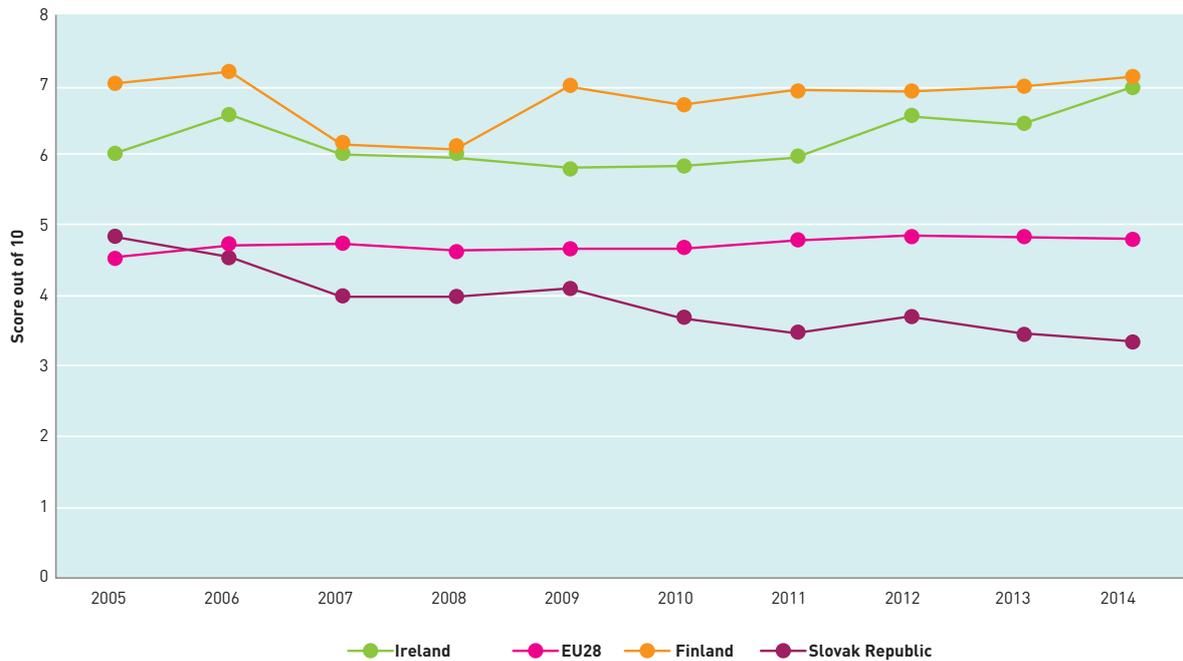


- A sub-set of the quality of public administration indicators can be used to assess what might be termed the 'traditional' public service values such as independence from political interference, freedom from bribery and corruption, transparency, reliability and administrative fairness and equity.
- Ireland's ranking on this traditional public service values indicator has generally been well above the EU28 average. Ireland's score on this indicator has improved in each of the last four years.
- The Nordic countries of Finland, Denmark and Sweden score highest on this indicator. Bulgaria and the Slovak Republic have the lowest scores.

Ireland's public administration is seen as one of the best in Europe in encouraging competition and providing a supportive regulatory environment

**FIGURE 13 COMPETITIVENESS AND REGULATION INDICATOR (CRI)**

Source: IPA analysis based on IMD World Competitiveness Yearbook and WEF Global Competitiveness Report



- A sub-set of the quality of public administration indicators can be used to assess issues of competitiveness and regulation, reflecting the growing importance in recent years of the regulatory role of public administration. There is an expectation that as part of a quality service, public servants will help ensure a legal and regulatory framework that encourages competition. And that they will scrutinise regulation intensity to ensure it does not become too great a burden on enterprises.
- Ireland's ranking on this competitiveness and regulation indicator is above the European average. In 2013, Ireland ranked second behind Finland.
- Developing a public administration that encourages competition and where regulation is not too great a burden on enterprises is an important goal. But events in the banking sphere indicate the need for strong regulation. It must be remembered that this ranking is based on executive opinion surveys, where there would generally be an interest in less regulation.

In World Bank assessments, Ireland's government effectiveness score dropped from 2005 to 2009 but has improved in the last three years of rankings

**FIGURE 14 WORLD BANK GOVERNMENT EFFECTIVENESS INDICATOR**

Source: World Bank Worldwide Governance Indicators

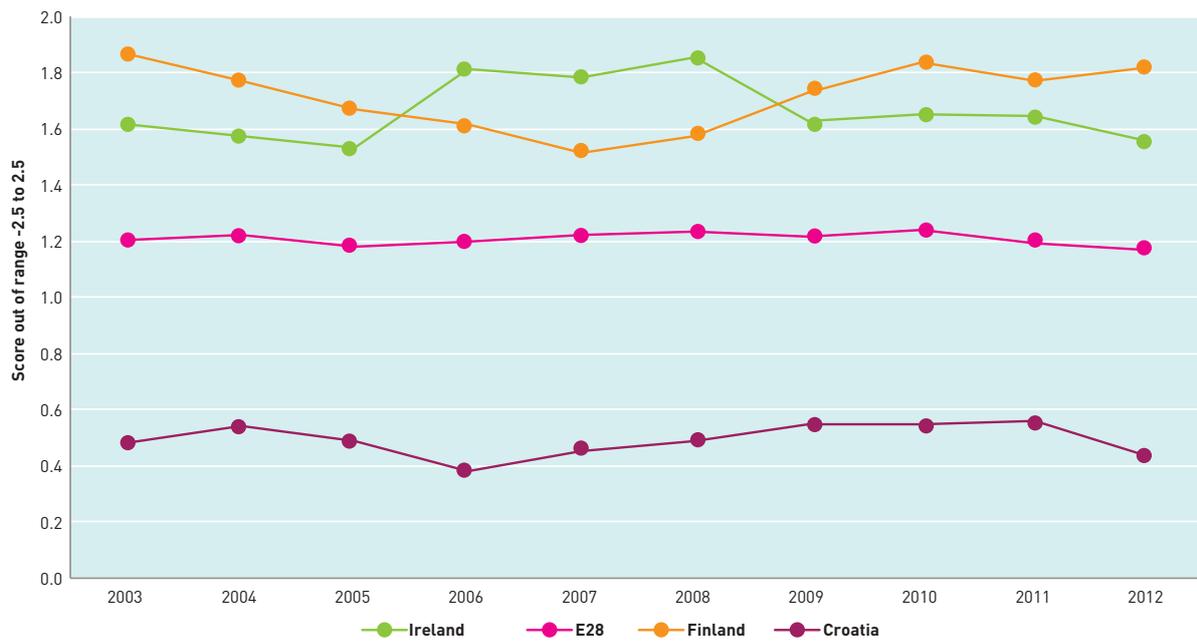


- Since 1996 the World Bank has been using a set of governance indicators as part of its work on promoting good governance. The indicators are drawn from 35 separate data sources constructed by 32 different organisations.
- The Government Effectiveness indicator aims to measure the quality of public services, the capacity of the civil service and its independence from political pressures, and the quality of policy formulation. On this indicator, Ireland ranked well above the EU28 average up to 2008.
- However, Ireland's score fell from 2005 to 2009, and Ireland's government effectiveness indicator dropped to just above the EU28 average in 2009. It stabilised in 2010 and increased in 2011 and 2012. In 2012 Ireland ranked 9th of the EU28. Finland is the top European scorer on this indicator and Romania the lowest ranked of the EU28.

In World Bank assessments, Ireland's regulatory quality indicator remains above the European average

FIGURE 15 WORLD BANK REGULATORY QUALITY INDICATOR

Source: World Bank Worldwide Governance Indicators

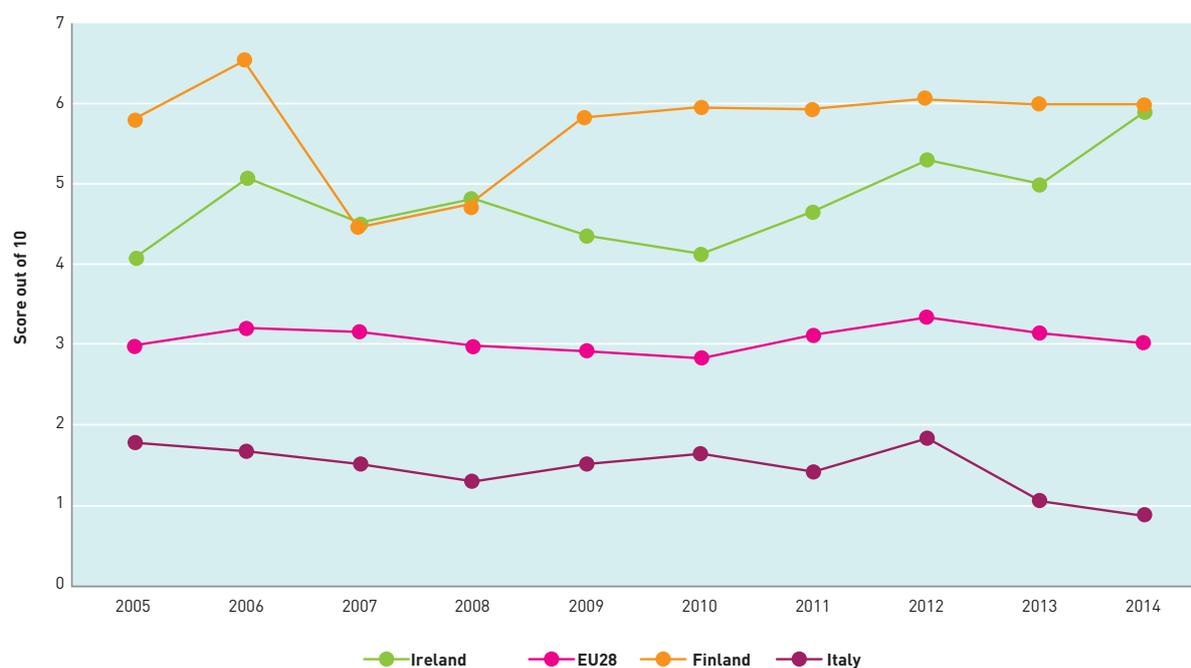


- The Regulatory Quality indicator aims to measure the ability of the government to provide sound policies and regulations that enable and promote private sector development. On this indicator Ireland ranks as well above the European average score.
- In 2008, Ireland ranked first of all EU countries on this indicator. However, the impact of the regulatory problems identified in the financial sector in 2009 clearly has had an impact on the indicator, and Ireland was the 7th ranked European country on this indicator in 2012, with Finland having the highest ranking.

## Irish public services are seen as relatively un-bureaucratic

**FIGURE 16 BUREAUCRACY HINDERS BUSINESS ACTIVITY**

Source: IMD World Competitiveness Yearbook



- Respondents to the executive opinion survey carried out by IMD for their World Competitiveness Yearbook indicate that compared to most European countries, bureaucracy in Ireland is seen as less of a hindrance to business activity.
- Only in Finland is bureaucracy seen as less of a hindrance to business activity.
- The Irish score increased notably in 2014, compared to most European countries which showed a decrease.

While there is a perception of wastefulness of public spending, things are seen as having improved, and Ireland is now seen as above the European average

**FIGURE 17 THE COMPOSITION OF PUBLIC SPENDING IS WASTEFUL**

Source: WEF Global Competitiveness Report



- Responses to the WEF Global Competitiveness Report executive opinion survey suggest that there is a perception that Ireland is more wasteful in its public spending than many other European countries.
- There was a worsening of the perception about the wastefulness of public spending in Ireland from 2008 to 2010, with an improvement in 2011 which has continued through to 2014.
- This now places Ireland back above the EU28 average on this indicator, with Ireland ranking 8th of the EU28 on this indicator.
- Finland is seen as having the least wasteful public spending in Europe. By contrast, Italy scores worst on this indicator.

## Perceptions about the effective implementation of government decisions have risen considerably since 2010

**FIGURE 18 GOVERNMENT DECISIONS ARE EFFECTIVELY IMPLEMENTED**

Source: IMD World Competitiveness Yearbook

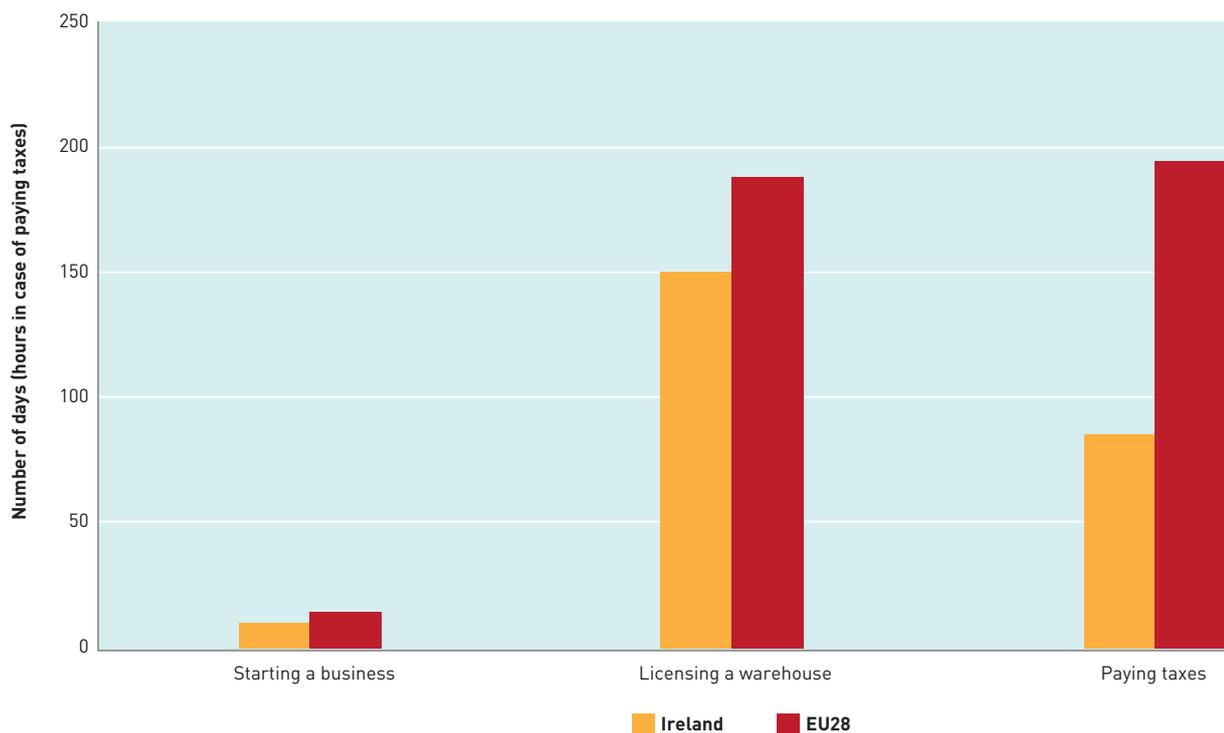


- Responses to the executive opinion survey carried out by IMD for their World Competitiveness Yearbook indicate that the perception that government decisions are effectively implemented in Ireland has improved considerably since 2010, after getting worse for a number of years before that.
- In the mid-2000s, Ireland's ranking on this indicator was well above the European average. In 2010 and 2011 the ranking fell below the EU28 average. It is now well above the EU28 average again, with Ireland ranking 4th on this indicator in 2014. Sweden scores best on this indicator, followed by Denmark and Germany.

## Ireland's public administration continues to provide a relatively efficient level of service to business

**FIGURE 19 WORLD BANK DOING BUSINESS INDICATORS 2013**

Source: World Bank *Doing Business* indicators

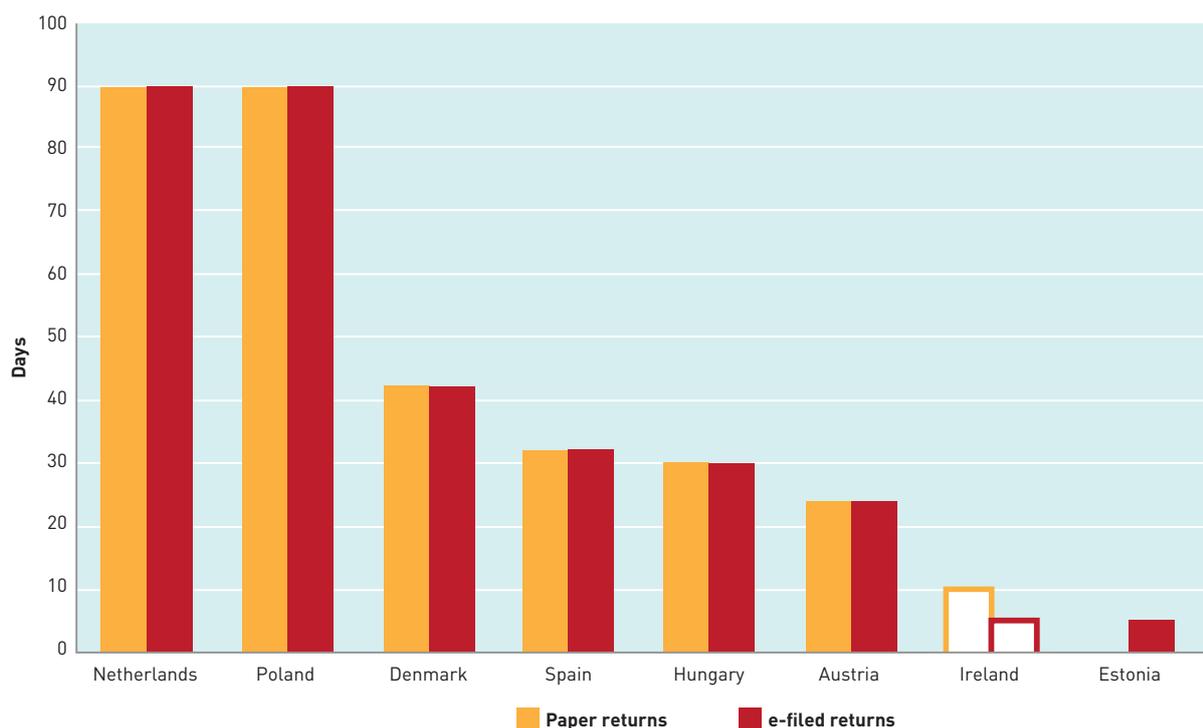


- A 'bottom-up' approach to assessing efficiency of public administration is taken by the World Bank in some of their *Doing Business* indicator set, with performance assessed from a service user perspective.
- The number of days estimated that it takes an entrepreneur to start a business in Ireland reduced to 6 days in 2013, down from 10 days in 2012 and 13 days for the previous five years. The EU28 average is 12 days, down from 14 days in 2012. In Belgium and the Netherlands it takes 4 days, and 35 days in Malta.
- The number of days to complete all procedures required for a business in the construction industry to build a standardised warehouse was estimated at 150 days in 2013, down from 156 days in Ireland in 2012. This remains lower than the EU28 average of 174 days. The best performers are Finland and Denmark with an estimated 64 days each.
- The number of hours it takes a medium-sized company to pay tax in a given year is estimated as significantly lower in Ireland, at 80 hours, than it is for the EU28 (189 hours) average. Ireland ranks second in the EU behind Luxembourg on this indicator.

## Ireland performs exceptionally well with regard to the timeliness of processing tax returns

**FIGURE 20 PROCESSING TIME OF PERSONAL TAX RETURNS WHERE A TAX REFUND IS EXPECTED (2011)**

Source: OECD: Government at a Glance 2013

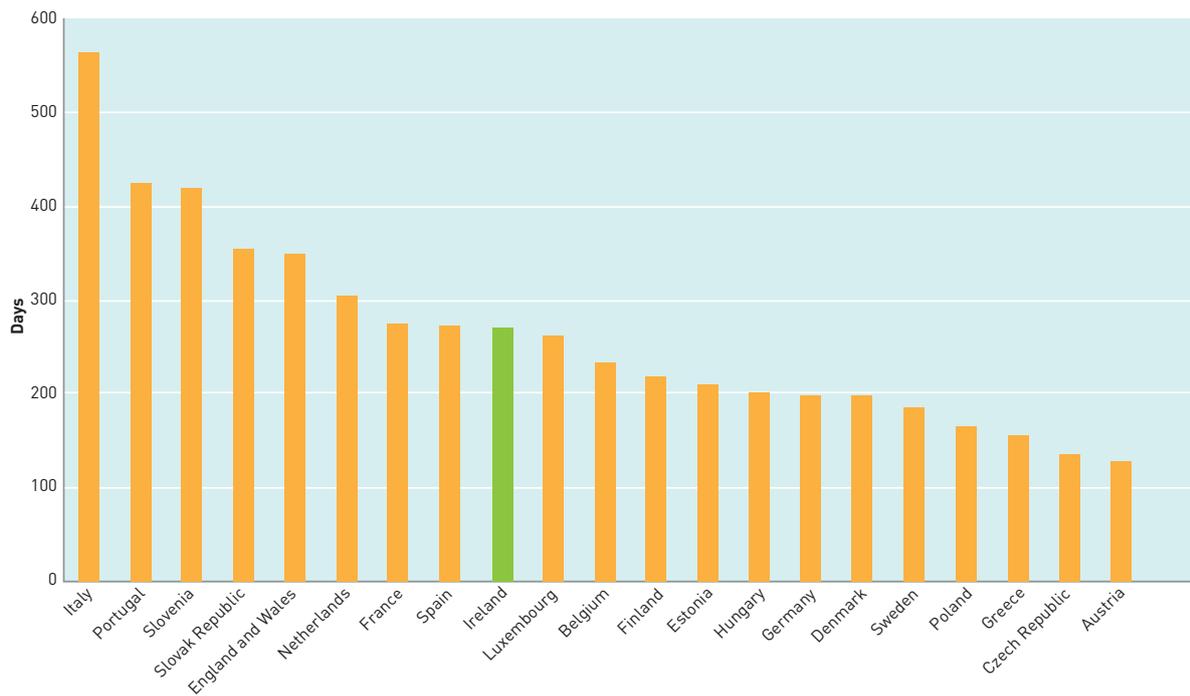


- Timeliness of service is one indicator of efficiency and quality, and is one often used in tax administration.
- Among the countries where a time standard was set for processing of personal tax returns, Ireland performs particularly well, with regard to both paper and e-filed returns. Returns are processed between two and nine times faster than in most other EU countries participating in the OECD survey.
- In most countries processing time was the same for citizens whether returns were filed electronically or submitted as paper returns. However, in Ireland those who filed returns electronically saw their tax returns processed twice as fast as citizens filing tax returns in paper form.

## Trial length in the justice system is around the European average

FIGURE 21 TRIAL LENGTH OF FIRST-INSTANCE CASES (2012)

Source: OECD Government at a Glance 2013

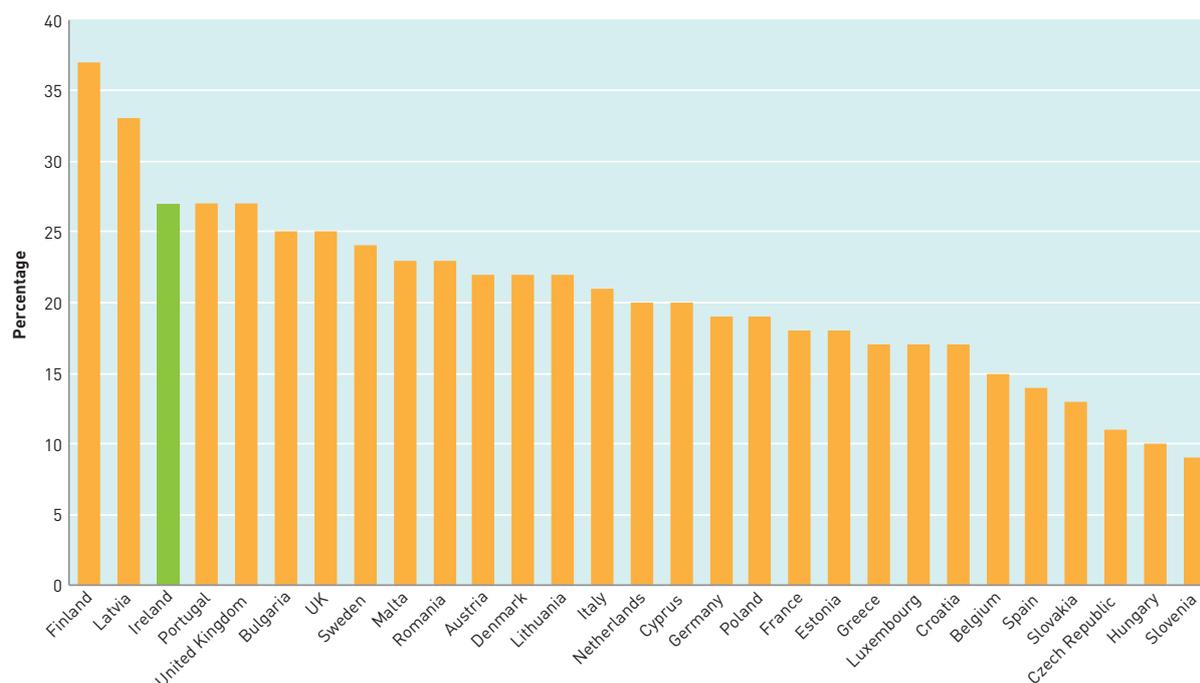


- Timeliness can be very important in determining the quality of justice systems. Delays can also create added costs.
- Trial length is one commonly used indicator of timeliness in the justice sector. Across the EU28 member countries for which data are available, average disposition time of first instance civil cases ranged from 564 days in Italy down to 129 days in Austria.
- Ireland came in the middle range of performance on this indicator, with a trial length of 270 days.

## Ireland's public sector organisations are seen as providing a high level of support to companies trying to innovate

FIGURE 22 LEVEL OF PUBLIC SECTOR SUPPORT FOR COMPANY INNOVATION

Source: Eurobarometer



- A Flash Eurobarometer survey (No. 394) included a question 'How much has public sector organisations contributed to the development of the ideas for your company's innovations since January 2011?'
- The total who felt public sector organisations had contributed in Ireland was 27 per cent, equal third highest of the EU28 (of the 27 per cent, 7 per cent felt public sector organisations had contributed a lot, 20 per cent felt they had contributed a little).

## 4. SECTORAL PERFORMANCE

Ultimately, the provision of public administration is intended to achieve social outcomes in sectors such as health, education, law and order and transport. As such it is important that any review of public administration looks at sectoral outcomes. In this report, some high-level education and health indicators are included, given that these areas are the largest areas of public expenditure.

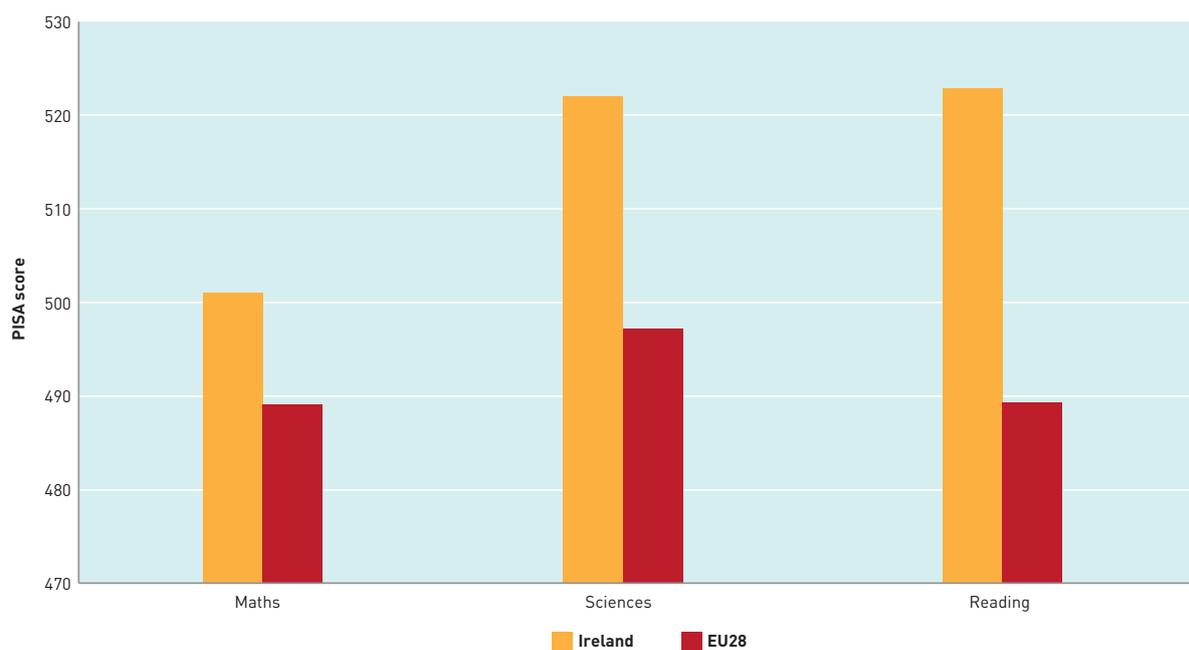
In the education system, high-level outcome indicators that assess performance in reading, maths and science give an overview of performance. Evidence is taken from the OECD Programme for International Student Assessment (PISA) survey. PISA is an internationally standardised assessment administered to 15-year olds in schools. Tests are typically administered to between 4,500 and 10,000 students in each country.

In the health sector, high-level outcome indicators in areas such as life expectancy and healthy life expectancy, and other indicators such as length of stay in hospitals, give a sense of performance at the macro level.

## Ireland's educational attainment scores compare well to the European average

**FIGURE 23 PISA EDUCATIONAL ASSESSMENT SCORES 2012**

Source: OECD PISA SURVEY

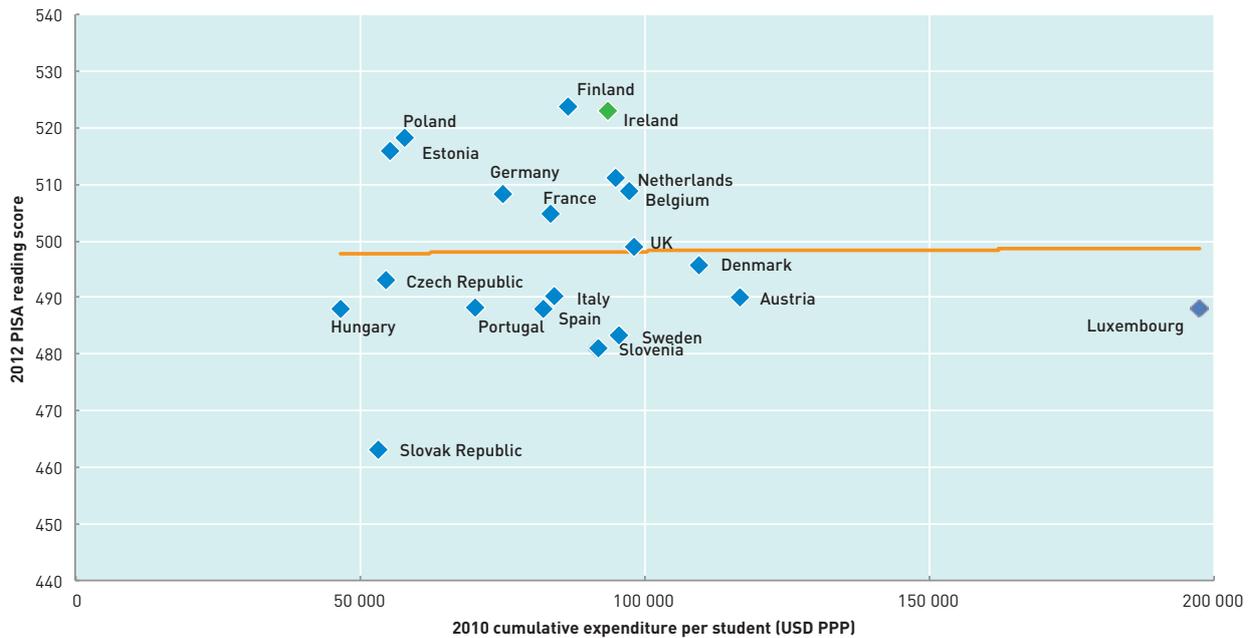


- The OECD Programme for International Student Assessment (PISA) survey is an internationally standardised assessment administered to 15-year olds in schools. Tests are typically administered to between 4,500 and 10,000 students in each country.
- The 2012 PISA survey shows that Ireland has a higher ranking than the European average in maths, sciences and reading. The Netherlands ranks highest in maths, and Finland is the highest ranked European country in sciences and reading.
- From 2009, when the previous PISA survey was conducted, Ireland's score and ranking has improved. The most notable improvement was in maths: Ireland was ranked 8th of the EU28 in maths in 2009, compared with 16th in 2006.

**Ireland delivers an above average level of educational efficiency when comparing reading performance to spending per student across Europe**

**FIGURE 24 PISA READING SCORE AND SPENDING PER STUDENT**

Source: OECD Education Statistics

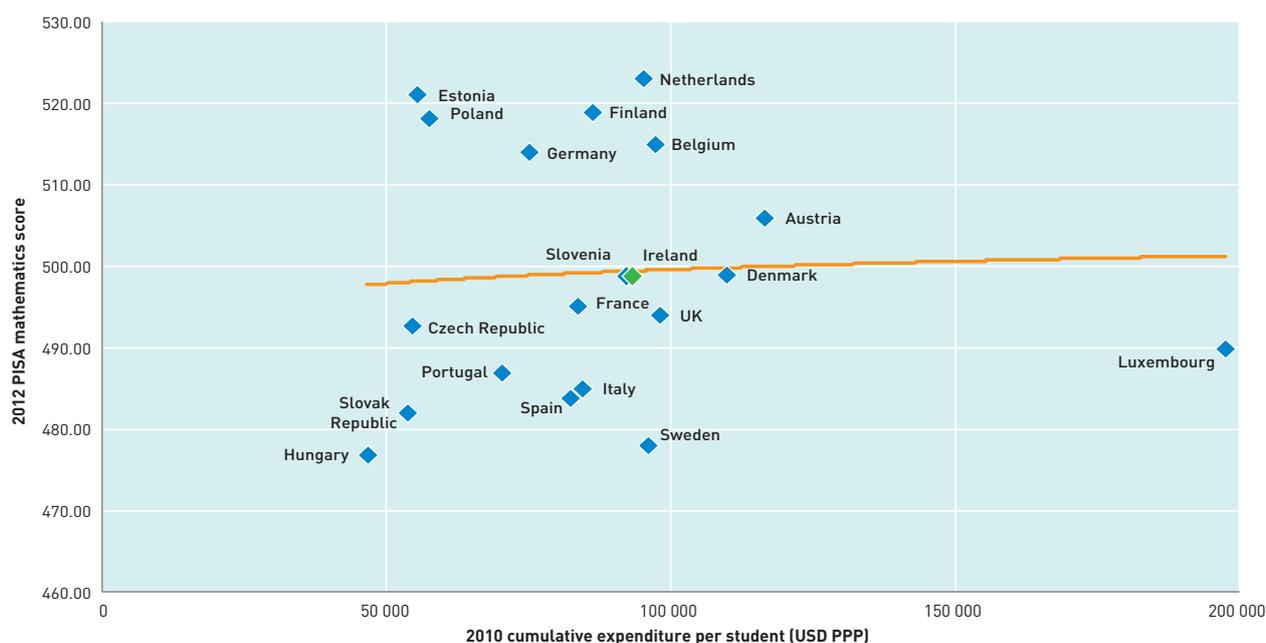


- The OECD (2013) note that educational attainments of individuals, as measured by the PISA (Programme for International Student Assessment) score can be seen as an indicator of output of human capital production. When compared to the national cumulative expenditure per student (the educational input), the results can offer an insight into which systems are able to deliver more efficient services.
- Finland achieves a high performance score for reading but only spends around the European average. Austria and Luxembourg on the other hand spend above average but gets a relatively poor reading score.
- Ireland is close to Finland with spending close to the European average but with a high performance score, showing a good level of efficiency.

## Ireland delivers an average level of efficiency when comparing maths performance to spending per student across Europe

FIGURE 25 PISA MATHS SCORE AND SPENDING PER STUDENT

Source: OECD Education Statistics

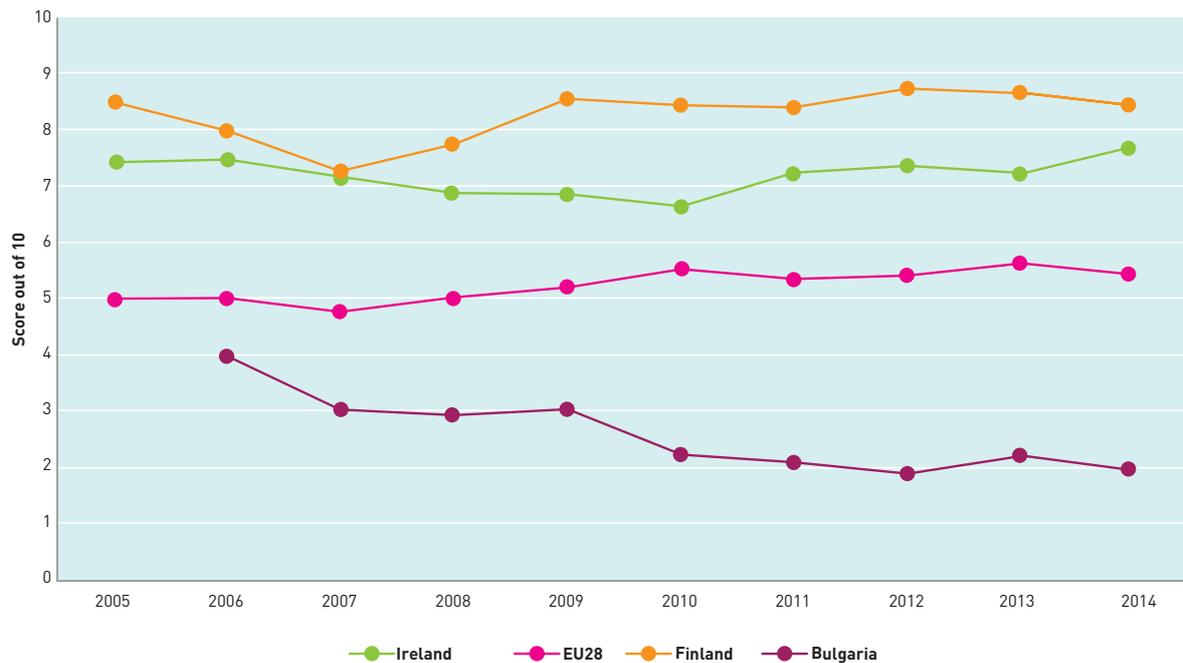


- Finland, the Netherlands, Estonia and Poland have particularly good maths scores compared to spending, suggesting the delivery of efficient services.
- Ireland spends around the European average and get results that are similarly around the average, that is, performance is in line with what might be expected given the resources put in, showing an average level of efficiency.

Ireland's competitive advantage in the perception of its education system by executives remains above the European average

FIGURE 26 THE EDUCATION SYSTEM MEETS THE NEEDS OF A COMPETITIVE ECONOMY

Source: IMD World Competitiveness Yearbook

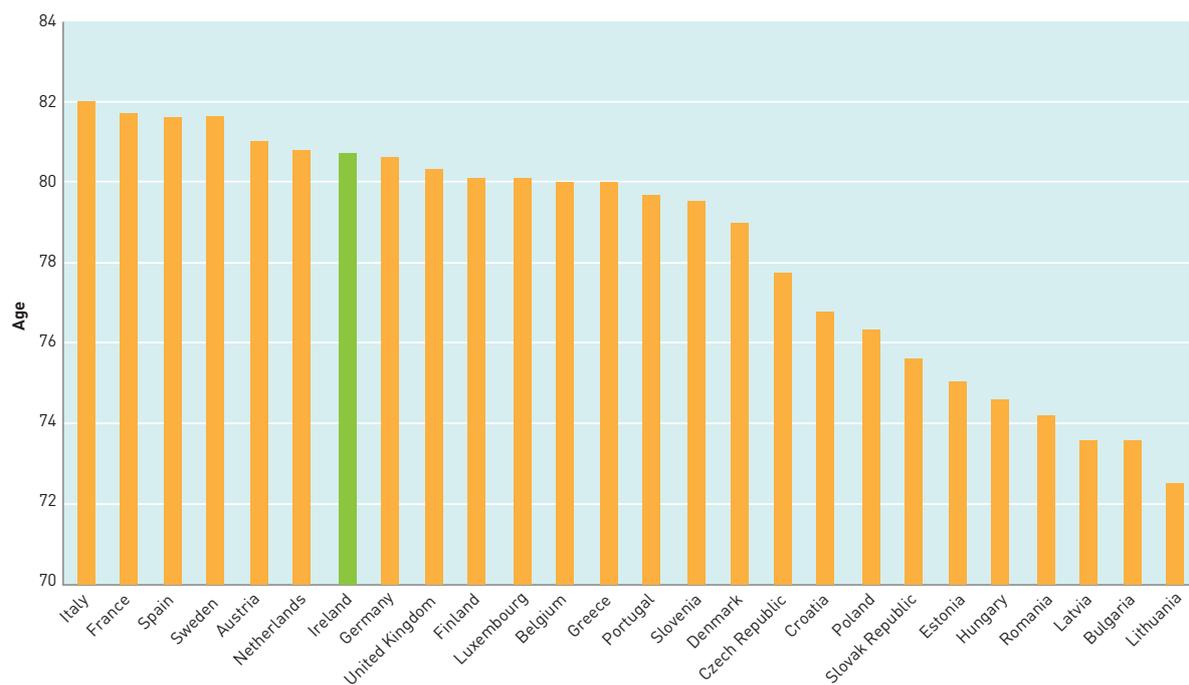


- Executive opinion about the role of the educational system in meeting the needs of a competitive economy is one (though only one) important qualitative indicator of how well the education system is functioning.
- From 2005 to 2010 the Irish education system has been seen by those executives completing the survey as better than the European average in meeting the needs of a competitive economy. However, the gap was closing.
- From 2010, the opinion of executives that Ireland's education system meets the needs of a competitive economy has improved overall. Ireland ranked second European country on this indicator in 2014, behind Finland.

## Life expectancy at birth is relatively high in European terms

**FIGURE 27 LIFE EXPECTANCY AT BIRTH 2012**

Source: WHO

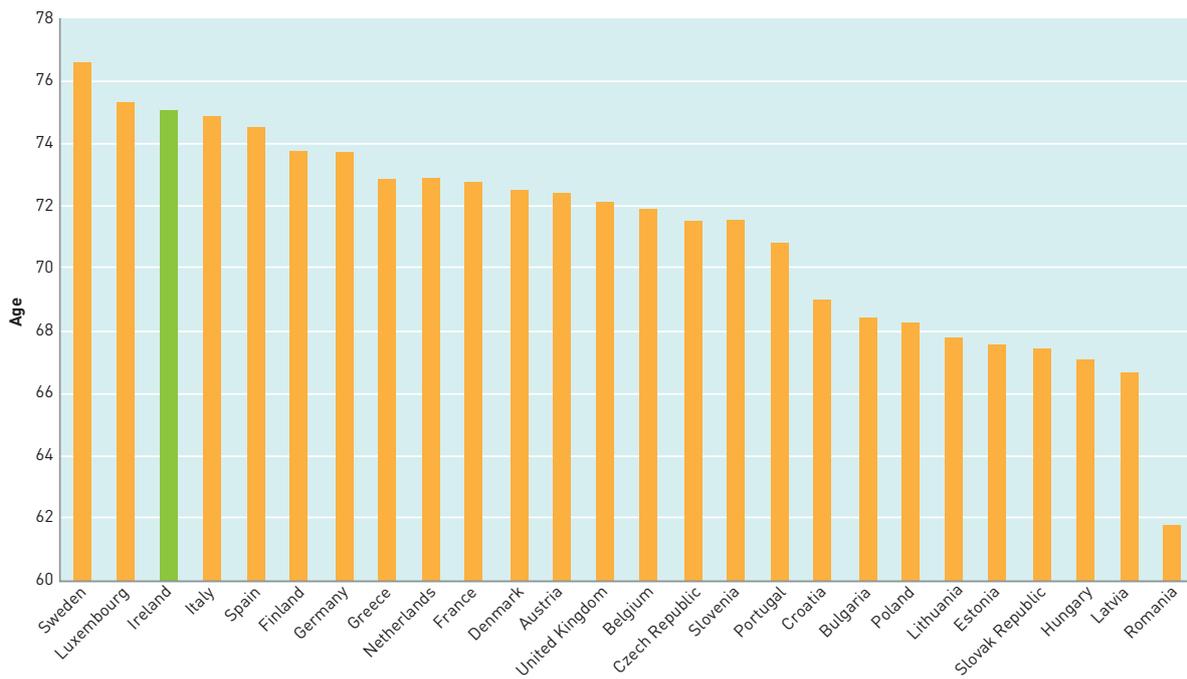


- Life expectancy at birth in Ireland in 2012 was 80.7 years. This compares to 82 years in Italy, down to 72.5 years in Lithuania.
- Ireland ranked 7th of the 26 European countries for which data was available.

In terms of healthy life expectancy at birth Ireland ranks very well in Europe

FIGURE 28 HEALTHY LIFE EXPECTANCY AT BIRTH 2012

Source: WHO

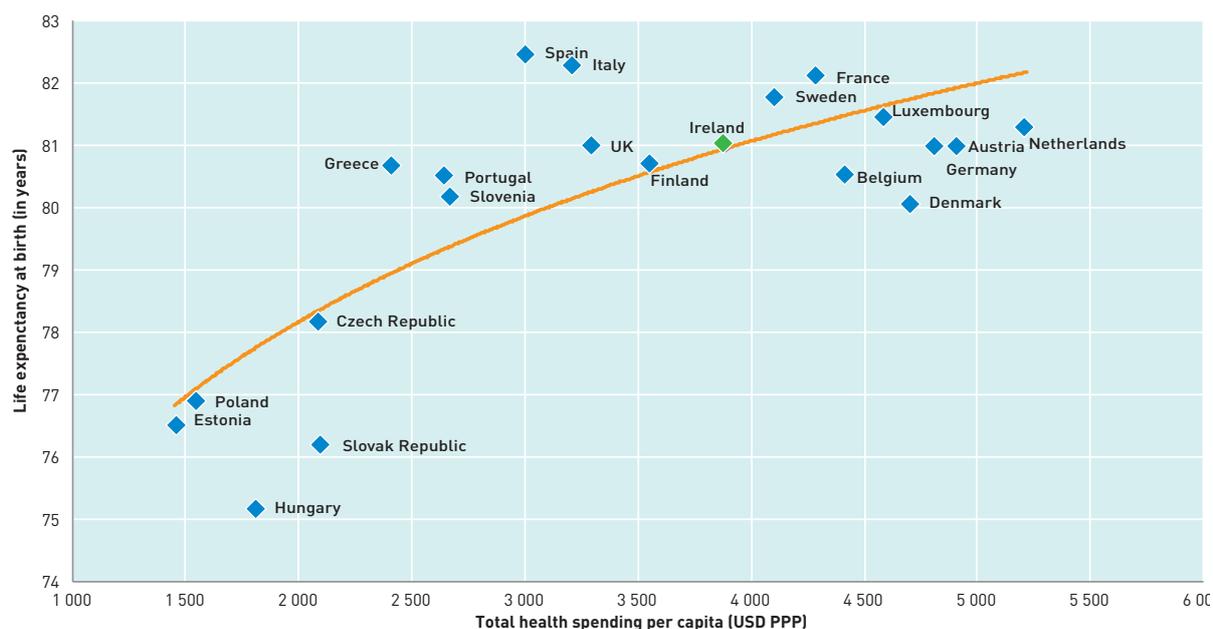


- Healthy life expectancy represents the average number of years that a person can expect to live in 'full health' by taking into account years lived in less than full health due to disease and/or injury.
- Ireland scores 3rd best in Europe in 2012 in terms of healthy life expectancy at birth, at 75.1 years.

## Cost-effectiveness of health expenditure is at a reasonable level

**FIGURE 29 LIFE EXPECTANCY AT BIRTH AND TOTAL EXPENDITURE ON HEALTH CARE PER CAPITA (2012)**

Source: OECD Health Statistics 2014

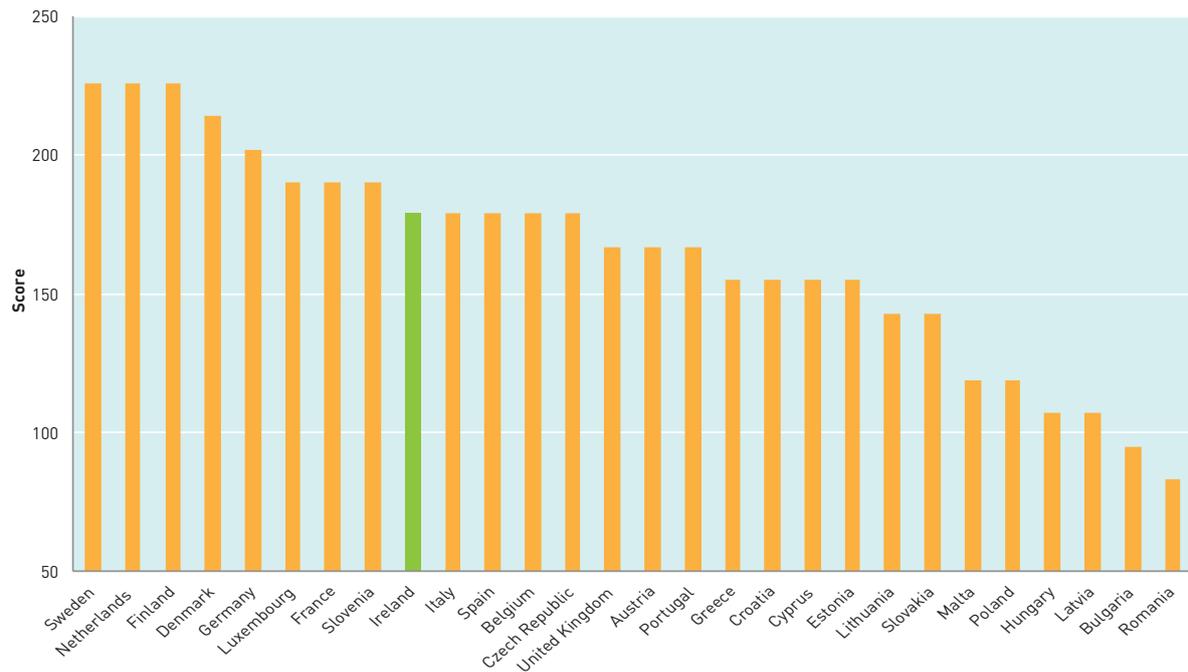


- In order to assess the cost-effectiveness of health services, OECD data allows comparison of improvements in life expectancy to total health expenditure per capita in countries. They note, however, that conclusions should be drawn with care, as many other factors beyond total health spending have a major impact on life expectancy and total health expenditure comprises both public and private expenditures.
- Overall, there is a positive relationship between total health expenditure per capita and life expectancy. Italy and Spain stand out as having relatively high life expectancy relative to their expenditure.
- Ireland has a level of life expectancy roughly as might be expected given the level of expenditure, suggesting cost-effectiveness is neither particularly good nor particularly bad.

## Ireland ranks around the EU28 average in achieving desirable health outcomes

**FIGURE 30 EUROPEAN CONSUMER HEALTH OUTCOMES INDEX 2013**

Source: Euro Health Consumer Index 2013



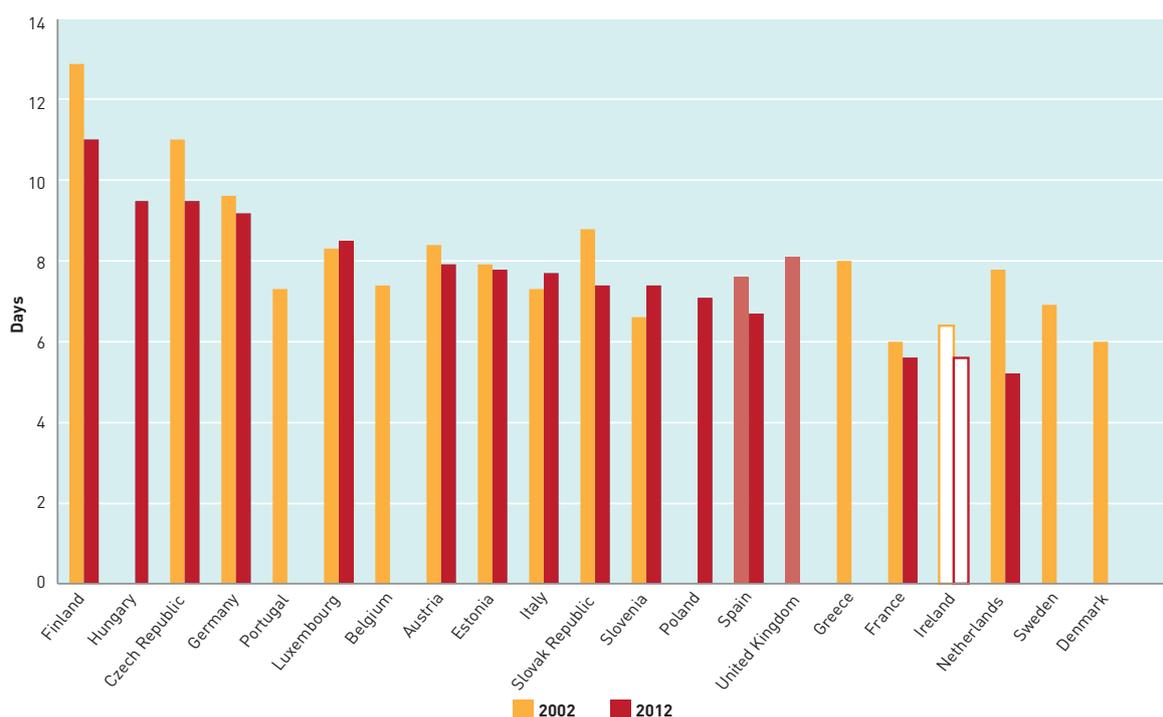
- The Euro Health Consumer Index 2013 (Health Consumer Powerhouse 2013) includes a composite 'basket' measure of a sub-set of indicators focused on health outcomes<sup>15</sup>. The higher the score on this index, the better the outcomes.
- Ireland ranks around the EU28 average on this health outcomes index. Sweden, the Netherlands and Finland achieve the top three rankings.

<sup>15</sup> The outcomes measured in 2013 are: heart infarct case mortality; infant deaths; cancer deaths relative to incidence; preventable years of life lost; mrsa infections; abortion rates; undiagnosed diabetes; depression.

## Ireland's hospitals display comparatively high levels of efficiency with regard to length of stay

**FIGURE 31 AVERAGE LENGTH OF STAY IN HOSPITAL FOR ALL CONDITIONS**

Source: OECD Government at a Glance 2013; OECD Health Statistics 2014<sup>16</sup>



- Average length of stay in hospitals is a commonly used indicator of efficiency in the health system. All other things being equal, a shorter stay is associated with reduced costs. However, shorter stays do tend to be more service intensive and more costly per day. And too short a length of stay may cause adverse health effects.
- On a comparative basis, Ireland shows a low level of length of stay in hospitals (5.6 days in 2012), suggesting a relatively high level of efficiency.
- In most countries, including Ireland, length of stay has reduced from 2002.

<sup>16</sup> Where available, data are provided for 2002 and 2012. Data are not available in all cases.

## 5. TRUST AND CONFIDENCE IN PUBLIC ADMINISTRATION

Twice a year Eurobarometer measures the level of public confidence in the national government and the national parliament. National government is not defined, and the extent to which it covers both political and administrative elements of government is unclear. But it is likely to primarily reflect levels of trust in the political parties in power at the time of the survey. Periodic surveys of trust in regional and local authorities by Eurobarometer are also examined, as are levels of satisfaction and confidence with police, education, health care and the justice system. Complaints to Ombudsman's offices are tracked as an indicator of confidence in public services.

## Trust in government remains below the European average

FIGURE 32 LEVEL OF TRUST IN GOVERNMENT

Source: Eurobarometer

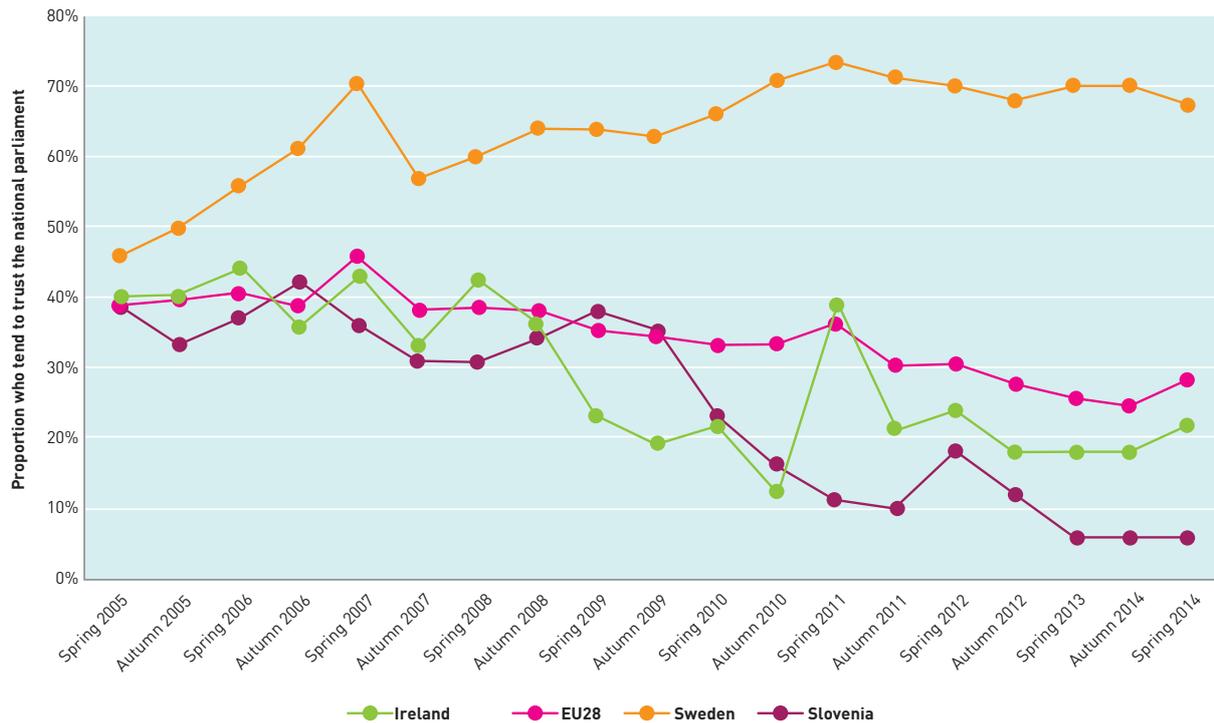


- The level of public trust in government in Ireland tended to be around the EU average from 2001 to 2008.
- However, there was a dramatic fall in the level of trust in government in Ireland from 2008 to 2010. Trust in government in the rest of Europe also fell, but only slightly. In autumn 2010, Ireland expressed the lowest level of trust in government of any of the EU27 (10 per cent).
- In spring 2011, the level of public trust increased significantly to 42 per cent expressing trust in the Irish government, reflecting the election of a new government. This fell back to 22 per cent by autumn 2011 and the level of trust has remained around the 20 per cent mark since then.

## Trust in parliament remains low and below the European average

**FIGURE 33 LEVEL OF TRUST IN NATIONAL PARLIAMENT**

Source: Eurobarometer

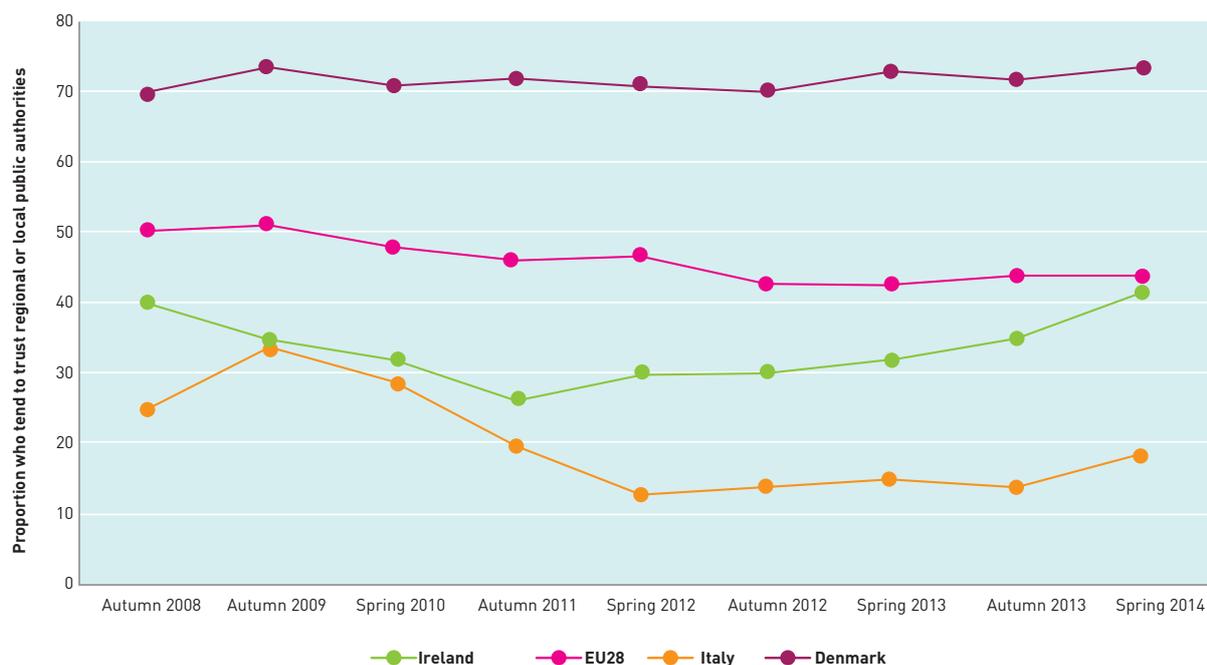


- The level of trust in national parliament has, on average, fallen in Ireland and in most of the rest of Europe over the last decade.
- Irish trust in parliament was around the EU average until 2008.
- From 2008 to 2010, as with trust in government, trust in parliament dropped rapidly both in absolute terms and compared to the European average.
- In spring 2011, the positive perception brought about by the election of a new government led to the proportion of respondents who expressed trust in the Irish parliament being back above the EU average, at 39 per cent. The level of trust subsequently fell again, and has been at around the 20 per cent level since then.
- The Nordic countries of Sweden, Denmark and Finland display the highest levels of trust in their national parliaments.

## Trust in regional and local authorities is below the European average but continues to improve

**FIGURE 34 LEVEL OF TRUST IN REGIONAL OR LOCAL PUBLIC AUTHORITIES**

Source: Eurobarometer

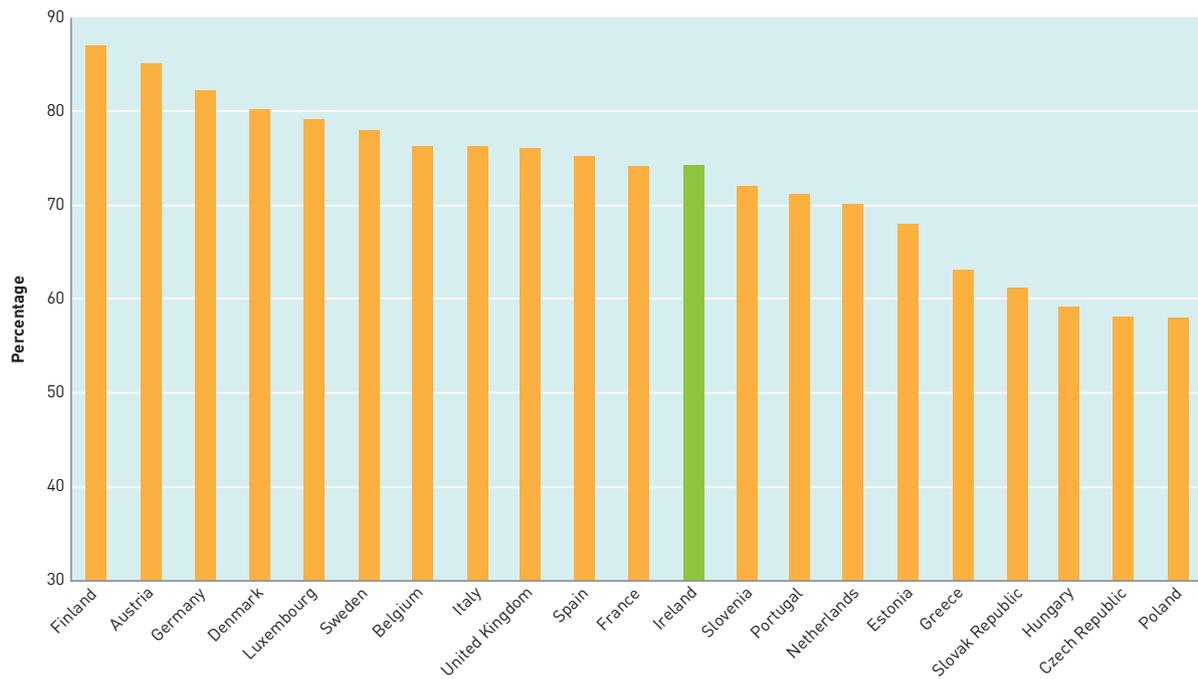


- The level of trust in regional and local authorities in Ireland was at 26 per cent in 2011, down from 40 per cent in 2008. It has increase since then, and stood at 41 per cent tending to trust regional and local authorities in spring 2014.
- After exhibiting one of the lower levels of trust in the EU in 2011, the level of trust expressed is now back close to the EU28 average.

## Levels of confidence in the local police are around the European average

**FIGURE 35 CONFIDENCE IN THE LOCAL POLICE FORCE**

Source: OECD Government at a Glance 2013, based on Gallup World Poll data

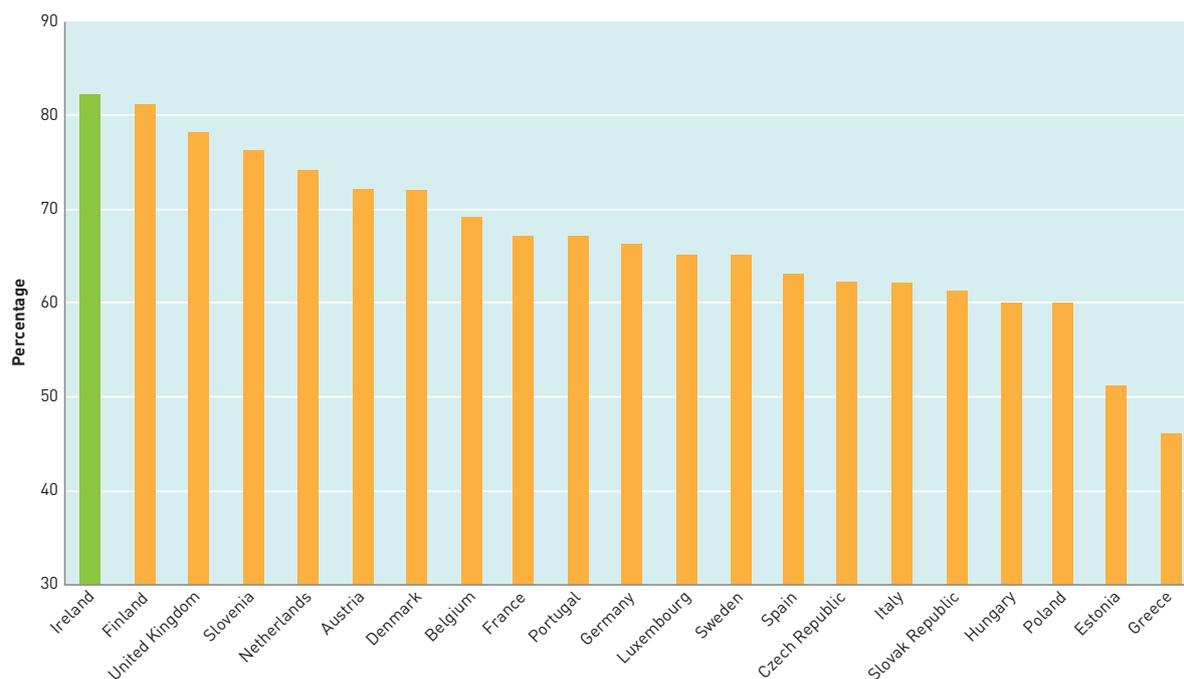


- Data for confidence in local police refer to the percentage of 'yes' answers to the question: In the city or area where you live, do you have confidence in the local police force?
- The level of confidence in the police in Ireland is around the European average, at 74 per cent in 2012.

## Irish residents display a very high level of satisfaction with the educational system

**FIGURE 36 SATISFACTION WITH THE EDUCATIONAL SYSTEM OR SCHOOLS**

Source: OECD Government at a Glance 2013, based on Gallup World Poll data

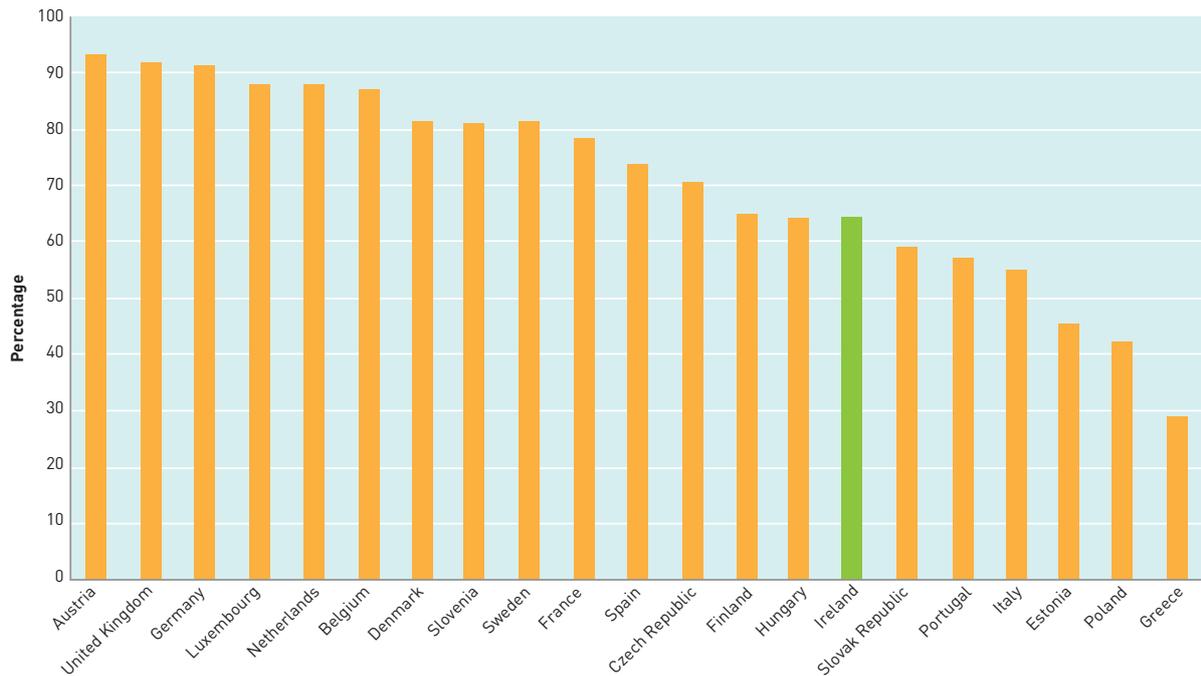


- Data for satisfaction with the education system and schools refers to the percentage of 'satisfied' answers to the question: In the city or area where you live, are you satisfied or dissatisfied with the educational system or the schools?
- The level of satisfaction in Ireland, at 82 per cent in 2012, is the highest of all the European countries surveyed.

## There is a relatively low level of satisfaction with health care

**FIGURE 37 SATISFACTION WITH THE AVAILABILITY OF QUALITY HEALTH CARE**

Source: OECD Government at a Glance 2013, based on Gallup World Poll data

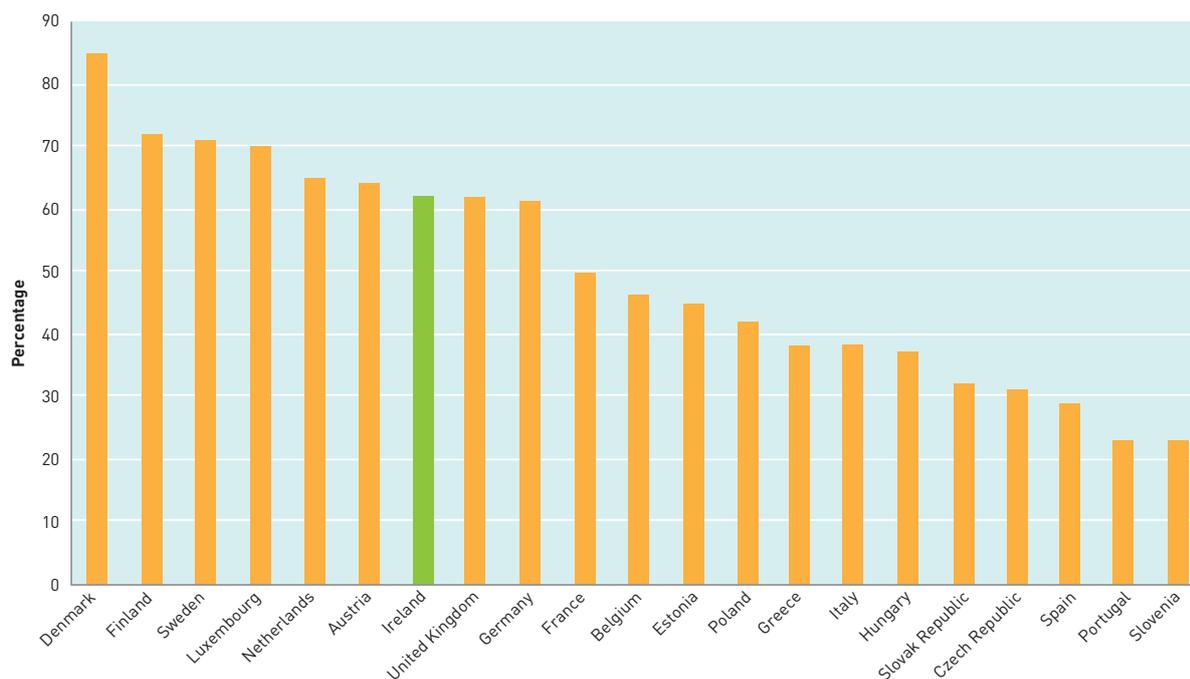


- Data for satisfaction with the availability of quality health care refers to the percentage of 'satisfied' answers to the question: In the city or area where you live, are you satisfied or dissatisfied with the availability of quality health care?
- Satisfaction with health care in Ireland is below the European average, at 64 per cent in 2012.

## Confidence in the judicial system and courts service is quite high

**FIGURE 38 CONFIDENCE IN THE JUDICIAL SYSTEM AND THE COURTS**

Source: OECD Government at a Glance 2013, based on Gallup World Poll data

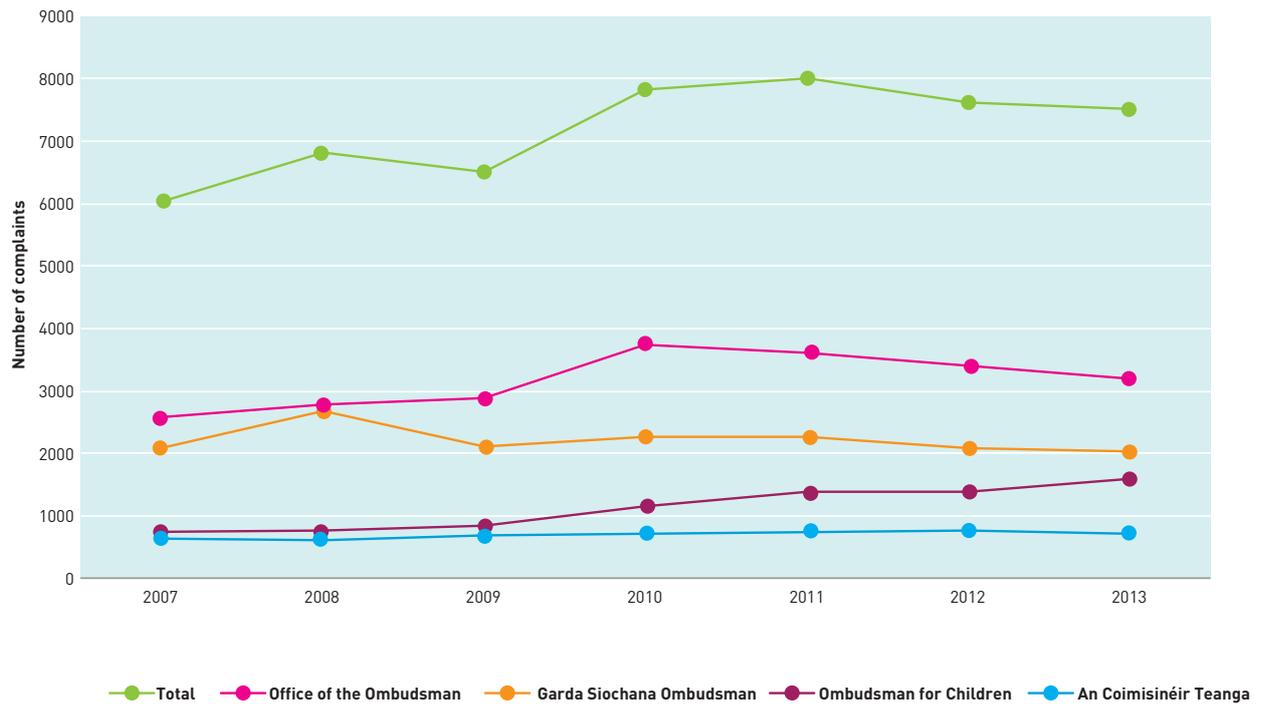


- Data for confidence in the judicial system refers to the percentage of 'yes' answers to the question: In this country do you have confidence in each of the following, or not? How about the judicial system and courts?
- Confidence levels in the judicial system and the courts in Ireland are quite high in European terms, at 62 per cent, though some way below the top performers Denmark and Finland.

## Complaints to Ombudsman offices increased in 2010 but have levelled off since then

**FIGURE 39 COMPLAINTS TO OMBUDSMAN OFFICES**

Source: various Ombudsman Office annual reports



- The overall number of complaints received by Ombudsman offices (office of the Ombudsman, Garda Síochána Ombudsman, Ombudsman for Children and An Coimisinéir Teanga) was running at between 6-7000 per year from 2007 to 2009. It then increased in 2010, and is currently running at just under 8000 per year.
- The number of complaints received has fallen slightly since 2010 in the Office of the Ombudsman, Garda Síochána Ombudsman, and An Coimisinéir Teanga. Complaints have been rising to the Ombudsman for Children.

## 6. CONCLUSION

In terms of overall performance, the data presented in this paper would tend to suggest that the quality of Ireland's public administration remains close to the average for the European Union. There are some signs that aspects of quality are seen as having improved in the last three years. As numbers employed in the public service have been falling in recent years at the same time as the population and demand for services has been increasing, to register some improvements in quality of public services compared to other European countries in these circumstances is no small feat.

Knowing where we rank in Europe can point out areas where we need to improve, and identify countries we might learn from. Many of the indicators used here are based on people's perceptions of the public service and are clearly influenced by general economic, political and cultural conditions rather than necessarily any actual change in service. Nevertheless, such indicators are important in that perceptions influence how people see Ireland as a place to live, do business and invest.

While there are some positive signs, this is not to say that there are no problems and challenges facing the public sector. Efficiency and cost-effectiveness can still be improved in many areas. Trust and confidence in public services remains low overall. In very few areas is Ireland at the leading edge of Europe with regard to its public administration.

The government's public service reform programme is intended to further change the way the public sector works. Reform is about doing things differently with less. The old way of doing things cannot be sustained in many places and new ways of working are needed to cope. This means that cost-cutting measures cannot be taken in isolation, but need to be accompanied by structural and process reform of the public service.

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## APPENDIX 1

### INDICATORS USED TO MAKE UP THE IPA PUBLIC ADMINISTRATION QUALITY INDICATOR

	Data Source and Indicator	Description
<b>Traditional Public Service Values Indicator (TPSVI)</b>	Government Decisions (IMD 2.3.10) <sup>1</sup>	Government decisions are effectively implemented
	Justice Processes (IMD 2.5.01)	Justice is fairly administered
	Judicial Independence (WEF 1.06)	The judiciary is independent from political influences of members of government, citizens or firms
	Diversion of Public Funds (WEF 1.03)	Diversion of public funds to companies, individuals or groups due to corruption
	Bribery and Corruption (IMD 2.3.13)	Existence of bribery and corruption
	Favouritism in Decisions of Government Officials (WEF 1.07)	When deciding upon policies and contracts, government officials are neutral
	Transparency (IMD 2.3.11)	Government policy is transparent
	Wastefulness of Government Spending (WEF 1.08)	The composition of public spending is wasteful
	Reliability of Police Services (WEF 1.16)	Police services can be relied upon to enforce law and order

	Data Source and Indicator	Description
<b>Competitiveness and Regulation Indicator (CRI)</b>	Legal and Regulatory Framework (IMD 2.3.08)	The legal and regulatory framework encourages the competitiveness of enterprises
	Public Sector Contracts (IMD 2.4.04)	Public sector contracts are sufficiently open to foreign bidders
	Ease of Doing Business (IMD 2.4.13)	The ease of doing business is supported by regulations
	Intellectual Property Rights (IMD 4.3.21)	Intellectual property rights are adequately enforced
	Public and Private Sector Ventures (IMD 4.2.17)	Public and private sector ventures are supporting technological developments
	Bureaucracy (IMD 2.3.12)	Bureaucracy hinders business activities
	Burden of Government Regulation (WEF 1.09)	Complying with administrative requirements (permits, regulations, reporting) issued by government is burdensome

<sup>1</sup> Numbers in brackets here refer to the numbering used in the IMD World Competitiveness Yearbook 2014 and WEF Global Competitiveness Report 2014-2015

