Quarterly Economic Facts

Spring 2012

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NERI Nevin Economic Research Institute

About NERI and this publication

The Nevin Economic Research Institute (NERI) has been established to provide information, analysis and economic policy alternatives. Further information about NERI may be obtained at our website www.NERInstitute.net

This is the first Quarterly Economic Facts (QEF) of the Institute. The purpose of the QEF is to provide regular, accessible and timely statistical information so as to equip trade unions and others in understanding economic trends and comparisons. All data are sourced from official sources with a clear link to the website or publication from where they are drawn. Every care has been taken to ensure that the data were valid at the time of this release.

This first release of Quarterly Economic Facts is complemented by another release – Quarterly Economic Observer which is available on the NERI website.

In the preparation of this QEF the following staff of the Institute were involved: Tom Healy, Micheál Collins, Paul MacFlynn and Rory O'Farrell. While this publication is the responsibility of the NERI the help and direct contribution of the following colleagues in various trade unions associated with NERI is acknowledged and appreciated: Lorraine Mulligan, Marie Sherlock, Paul Sweeney and Michael Taft.

The Nevin Economic Research Institute

Quarterly Economic Facts

Spring 2012

Overview

Recent years have seen a huge growth in the supply, range and timeliness of data from a variety of official agencies including the Central Statistics Office (CSO), the Northern Ireland Statistics and Research Agency (NISRA), Eurostat, the Organisation for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF) as well as other agencies. Much of the data are publicly and readily available online together with detailed notes about the data. The QEF is not intended to provide an alternative to these sources. It provides a signpost to available sources of data. It selects a few indicators from key areas of concern: employment, unemployment, earnings and labour cost, inequality in income, poverty, public finances and debt.

It is intended to expand the selection of indicator over time to cover a somewhat broader range of topics under each heading. However, to avoid information over-load (a not infrequent feature of many of the major statistical sources) it is planned to keep the overall number of indicators shown in this and subsequent editions within a reasonable and manageable size. Comments, queries and suggestions are welcome both in relation to the content as well as the overall scope of this publication.

Each indicator is laid out as follows:

- Definition
- Chart
- Data Table
- Technical Notes and Sources.

For the purposes of comparisons across European States typically two averages are used where possible: EU 27 for all Member States and EU 15 for those Member States that were in the Union prior to 2004. These constitute a more homogeneous group in terms of GDP per capita. Unless otherwise stated, averages at the level of EU 27 or EU 15 are unweighted means.

Please note that, unless otherwise specified, all references to 'Ireland' in this edition of QEF refers to the Republic of Ireland only. It is planned to expend data coverage for Northern Ireland along with the Republic for more indicators in future editions of QEF.

1 People in Paid Work

Indicator 1.1a Employment and Unemployment Trends in the Republic of Ireland

Indicator defined

Share of employed, unemployed and economically inactive in population of working age in the Republic of Ireland

Reference period for latest available data used in this indicator is 2010. Data extracted on 13 March 2012. Next update due on or before the next edition of this publication.

Chart 1.1a Share of employed, unemployed and 'economically inactive'

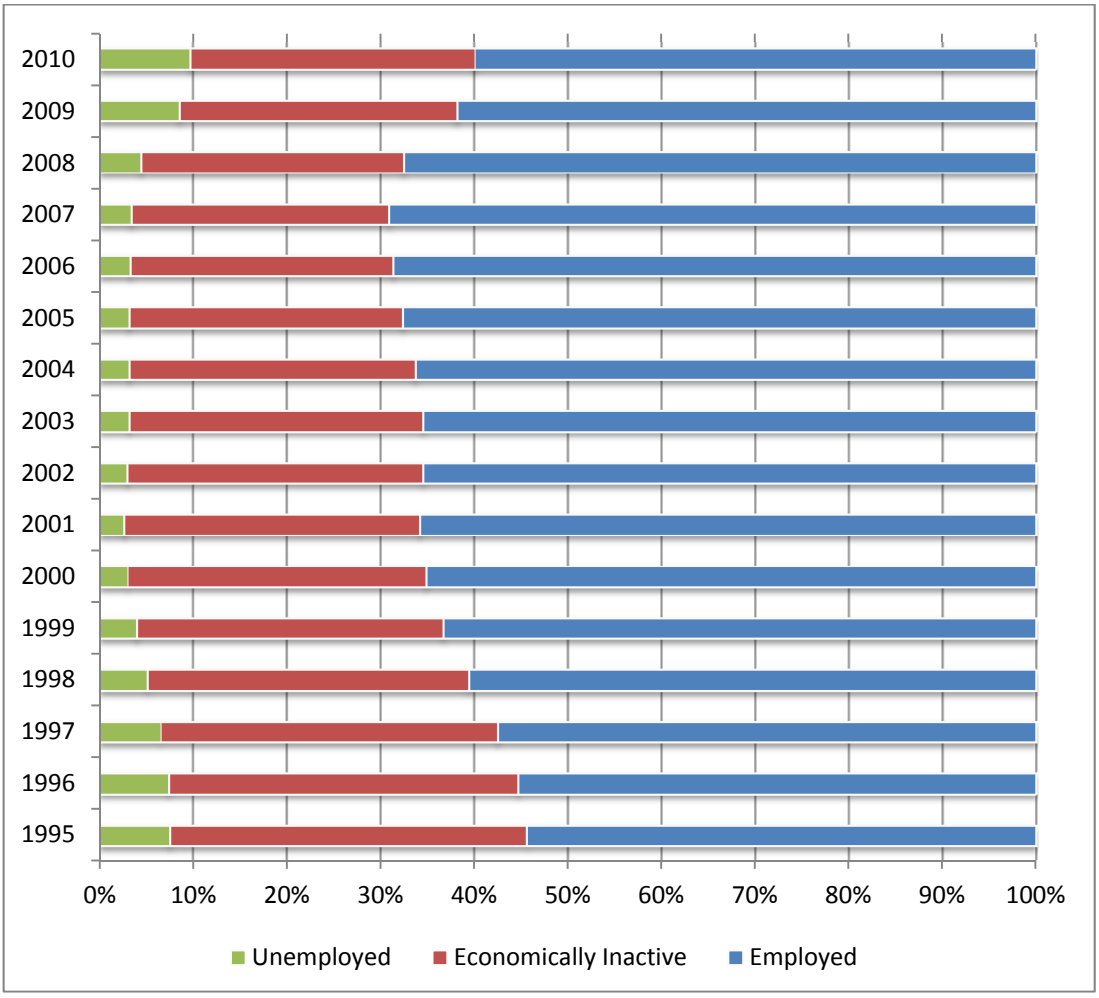


Table 1.1a Total population and share of employed, unemployed and 'economically inactive'

	Total aged 15-64 '000s	Employed	Inactive	Unemployed
1995	2,284.2	54.4%	38.2%	7.5%
1996	2,334.8	55.4%	37.5%	7.4%
1997	2,387.8	57.6%	36.9%	6.5%
1998	2,457.2	60.6%	35.1%	5.1%
1999	2,502.7	63.3%	33.4%	3.9%
2000	2,546.2	65.2%	32.4%	3.0%
2001	2,600.6	65.8%	32.2%	2.5%
2002	2,660.8	65.5%	31.9%	2.9%
2003	2,711.2	65.5%	31.7%	3.1%
2004	2,761.3	66.3%	31.2%	3.1%
2005	2,831.0	67.6%	29.2%	3.1%
2006	2,919.3	68.7%	28.1%	3.2%
2007	2,996.9	69.2%	27.5%	3.4%
2008	3,041.1	67.6%	28.0%	4.4%
2009	3,029.4	61.8%	29.2%	8.5%
2010	3,001.8	60.0%	30.2%	9.7%

Interpretation

Since 1995 there has been a gradual decline in the proportion of 'economically inactive' people. This trend has been partially reversed by the recession. The term 'economically inactive' is used by economists and statisticians to refer to persons who are not in paid employment (for typically more than one hour in the previous week at the time of survey). It is not intended, here, to imply that persons actively engaged in activities that are not remunerated in the labour market are not contributing very significantly to economic and social well-being.

Technical Notes:

There is a statistical discrepancy between total population aged 15-64 (as recorded in the Quarterly National Household Survey) and the sum of employed, unemployed and the economically inactive. The actual percentages (of population) are presented in the table, while in the graph economically inactive is treated as a residual. The discrepancy is at its largest in 1997, at 1% of the population.

Source(s):

Eurostat Labour Force Survey (lfsi_emp, lfsi_act_a, lfsa_ugan, lfsa_igan)

Indicator 1.1b Employment and Unemployment Trends in Northern Ireland

Indicator defined

Share of employed, unemployed and economically inactive in population of working age in Northern Ireland

Reference period for latest available data used in this indicator is 2011. Data extracted on 13 March 2012. Next update due on or before the next edition of this publication.

Chart 1.1b Share of employed, unemployed and 'economically inactive'

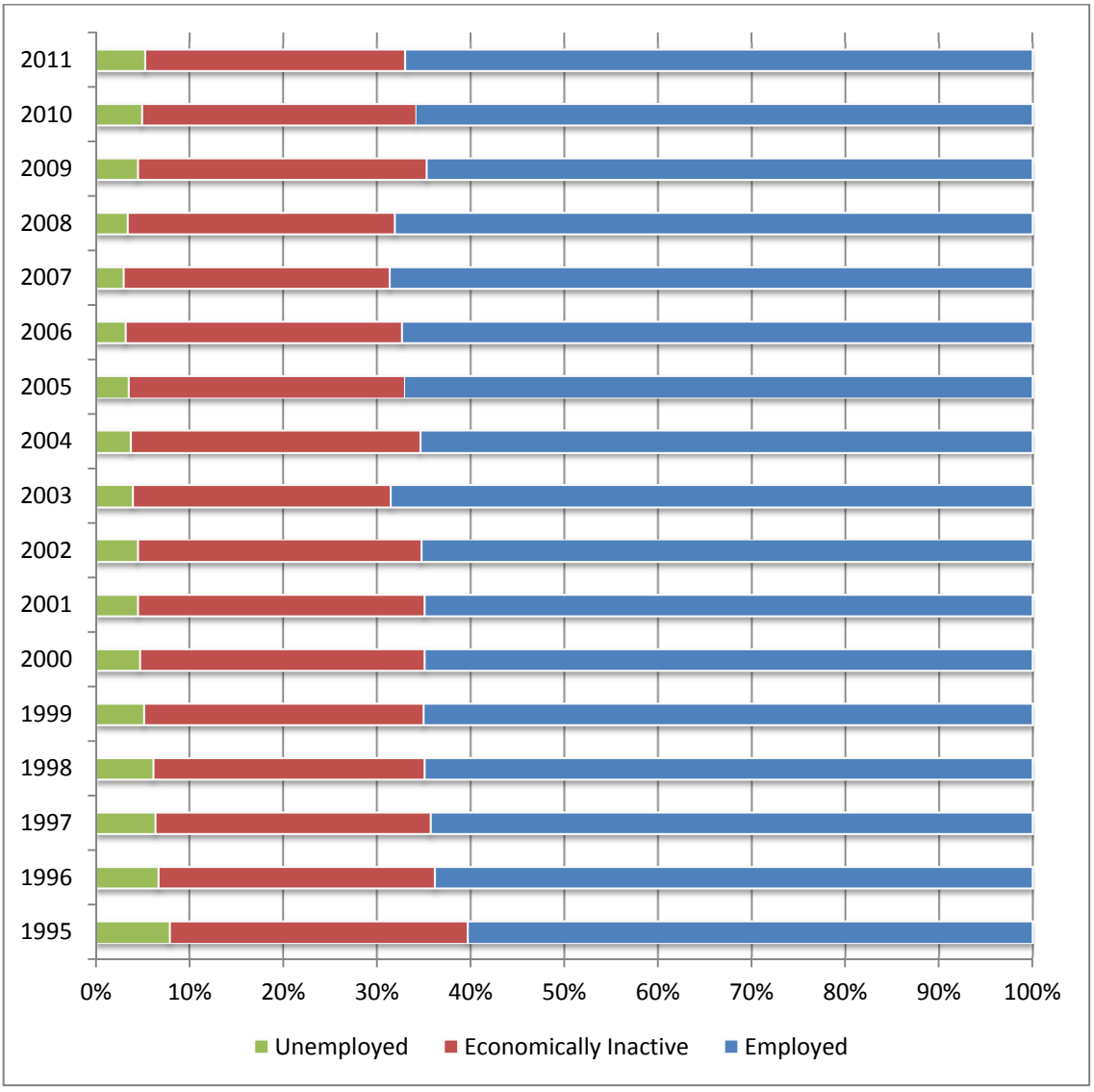


Table 1.1b Total population and share of employed, unemployed and economically inactive

	Total aged 16-64 '000s	Employed	Economically Inactive	Unemployed
1995	1,003	60.4%	31.8%	7.8%
1996	1,013	63.9%	29.5%	6.6%
1997	1,024	64.3%	29.4%	6.3%
1998	1,032	65.0%	28.9%	6.1%
1999	1,039	65.1%	29.8%	5.1%
2000	1,045	65.0%	30.3%	4.7%
2001	1,055	65.0%	30.6%	4.4%
2002	1,064	65.3%	30.3%	4.4%
2003	1,072	68.6%	27.5%	3.9%
2004	1,080	65.4%	30.9%	3.7%
2005	1,092	67.1%	29.5%	3.4%
2006	1,107	67.4%	29.5%	3.1%
2007	1,121	68.7%	28.4%	2.9%
2008	1,131	68.1%	28.6%	3.3%
2009	1,139	64.7%	30.9%	4.4%
2010	1,146	65.9%	29.2%	4.9%
2011	1,152	67.0%	27.8%	5.2%

Interpretation

The high rate of economic activity is reflected in a very high claimant count for Northern Ireland compared to the rest of the UK.

Technical Notes:

Economic Activity, Employment and Unemployment rate are all calculated as a percentage of the Working age population. The term 'working-age' refers to the 16-64 population for both males and females. Unemployment and economically inactive are calculated as residuals from employment and economically active.

Source(s):

LFS Key data Historical Series (1992-2011) here.

Indicator 1.2a Employment Change by Sector in the Republic of Ireland – Peak to Present

Indicator defined

Employment at Nace 2 sectoral level comparing the level in Q4 2007 with current employment levels (seasonally adjusted).

Reference period for latest available data used in this indicator is Q4 of 2011. Data extracted on 9 March 2012. Next update due on or before the next edition of this publication.

Chart 1.2a Employment by sector between the peak in 2007 to the latest available data in 2011 in the Republic of Ireland, (seasonally adjusted)

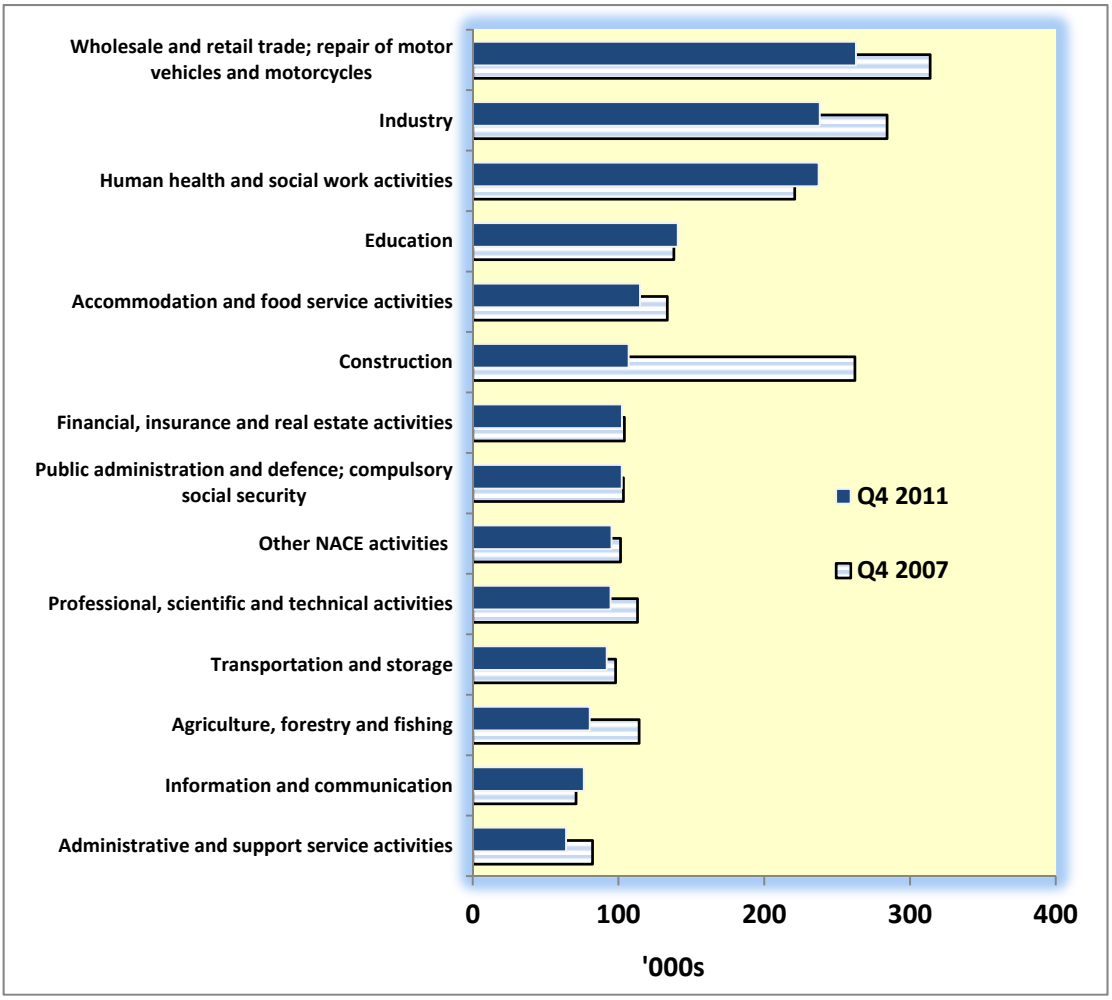


Table 1.2a Employment trends

	Q4 2007 '000s	Q4 2011 '000s
Administrative and support service activities	82.2	64.0
Information and communication	70.8	76.2
Agriculture, forestry and fishing	114.1	80.3
Transportation and storage	98.0	91.9
Professional, scientific and technical activities	113.0	94.6
Other NACE activities	101.4	95.2
Public administration and defence; compulsory social security	103.4	102.3
Financial, insurance and real estate activities	104.0	102.4
Construction	262.2	107.0
Accommodation and food service activities	133.4	114.8
Education	138.0	140.7
Human health and social work activities	220.9	237.3
Industry	284.2	238.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	313.8	262.9

Interpretation:

The wholesale and retail sector has remained the largest employment sector throughout the boom and the recession, notwithstanding the loss of some 16.2% of all jobs in the sector since peaking in Q4 2007. Three out every five construction workers have lost their jobs during the period Q4 2007 to Q4 2011, but there is some tentative evidence to suggest that the loss of direct construction employment is now close to the bottom. Industrial employment has contracted by 18% since Q2 2008, but it recorded its first net expansion in employment in Q4 2011 with an additional 5800 employed in the sector

Technical Notes:

The *CSO's Quarterly National Household Survey* is a conducted each week over a total sample of 39,000 households and is published on a quarterly basis. The households are surveyed over five consecutive quarters. The *ILO definition of the labour force* includes all those employed and unemployed over the age of 15, but excludes the inactive population. The *NACE codes* are employment sector classifications. *Seasonally adjusted data* is data that has been treated for calendar effects, seasonal variations etc. and is arrived using the X-12-ARIMA model. The seasonally adjusted factor is revised each quarter for all previous quarters.

Source(s):

CSO Quarterly National Household Survey, Q4 2011.

Indicator: 1.2b Employment Change by Sector in Northern Ireland – Peak to Present

Indicator defined

Employee jobs by Standard Industrial Classification (2007): all persons comparing the level in June 2007 with current employment levels.

Reference period for latest available data used in this indicator is June 2011. Data extracted on 13 March 2012. Next update due on or before the third edition of this publication (by September 2012).

Chart 1.2b The change in the employee jobs sector between 2007 to the latest available data in 2011 in Northern Ireland

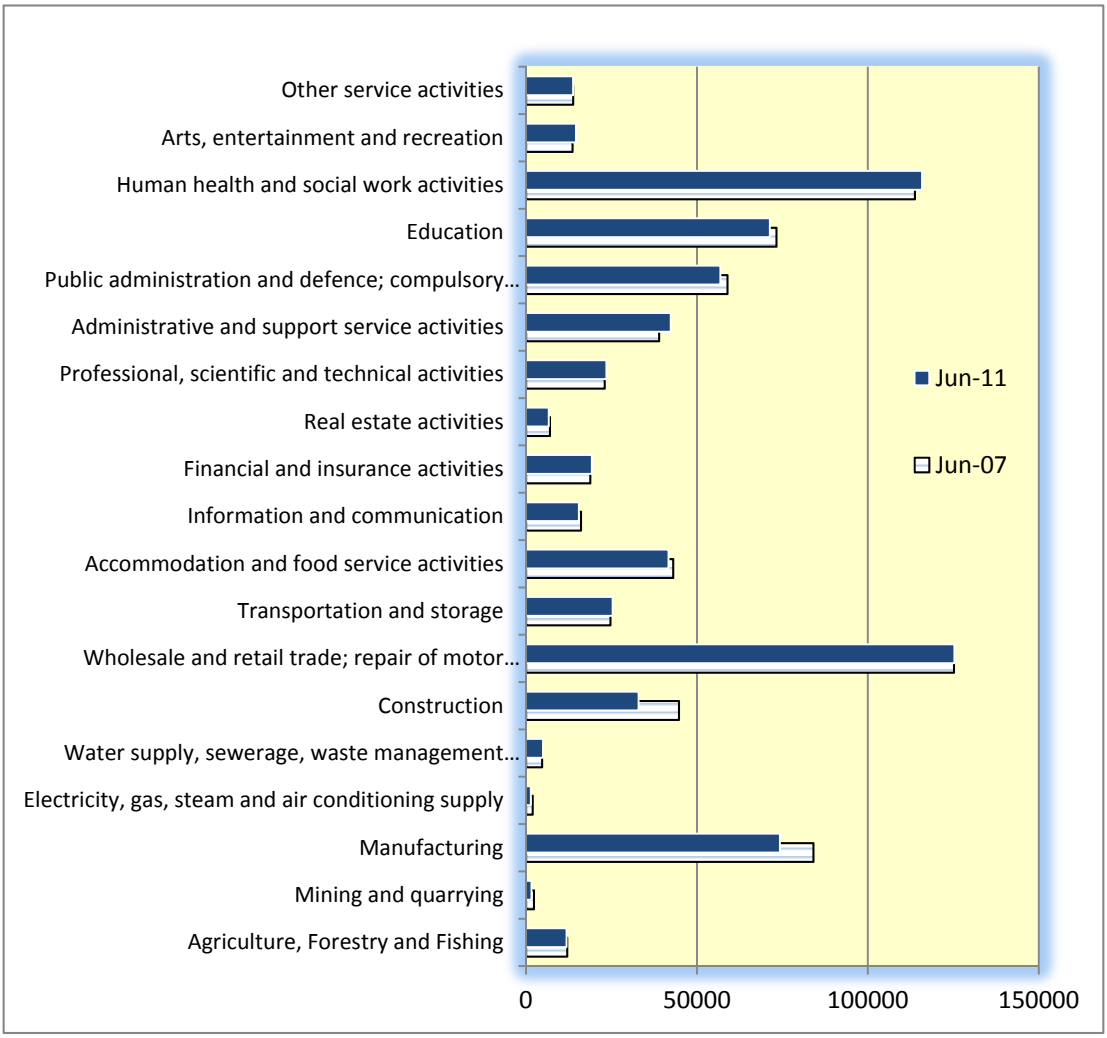


Table 1.2b The change in the employee jobs sector between 2007 to the latest available data in 2011 in Northern Ireland

SIC Classification	Jun-07 '000s	Jun-11 '000s
Agriculture, Forestry and Fishing	12.0	11.84
Mining and quarrying	2.27	1.59
Manufacturing	84.07	74.30
Electricity, gas, steam and air conditioning supply	1.93	1.41
Water supply, sewerage, waste management and remediation activities	4.67	4.93
Construction	44.71	32.91
Wholesale and retail trade; repair of motor vehicles and motorcycles	125.20	125.32
Transportation and storage	24.69	25.35
Accommodation and food service activities	43.02	41.68
Information and communication	16.07	15.43
Financial and insurance activities	18.79	19.24
Real estate activities	6.96	6.65
Professional, scientific and technical activities	22.97	23.51
Administrative and support service activities	38.93	42.32
Public administration and defence; compulsory social security	58.90	56.87
Education	73.24	71.32
Human health and social work activities	113.79	115.87
Arts, entertainment and recreation	13.58	14.61
Other service activities	13.78	13.74
Total	**719.59**	**698.89**

Interpretation

Overall total employment has fallen by 3%. The fall in construction was 26% and 11% in manufacturing.

Technical Notes:

Estimates of the number of employee jobs are obtained from the Quarterly Employment Survey. Estimates of total employee jobs should be accurate to within +/- 1% of the Census of Employment total. It should be noted that the survey counts the number of jobs rather than the number of persons with jobs. Overall employment (i.e. employee and self-employment) estimates for the agricultural sector are provided, on an annual basis, from the Department of Agriculture and Rural Development's (DARD) Farm Census.

Source(s):

NISRA Abstract of Statistics Online.

Indicator: 1.3 Employment Volatility since 2008

Indicator defined

The seasonally adjusted (sa) quarterly movements are charted to demonstrate potential signs of volatility or stabilisation.

Reference period for latest available data used in this indicator is Q4 of 2011. Data extracted on 9 March 2012. Next update due on or before the next edition of this publication.

Chart 1.3 Seasonally adjusted quarterly movements in employment Q1 2008-Q4 2011 (000s)

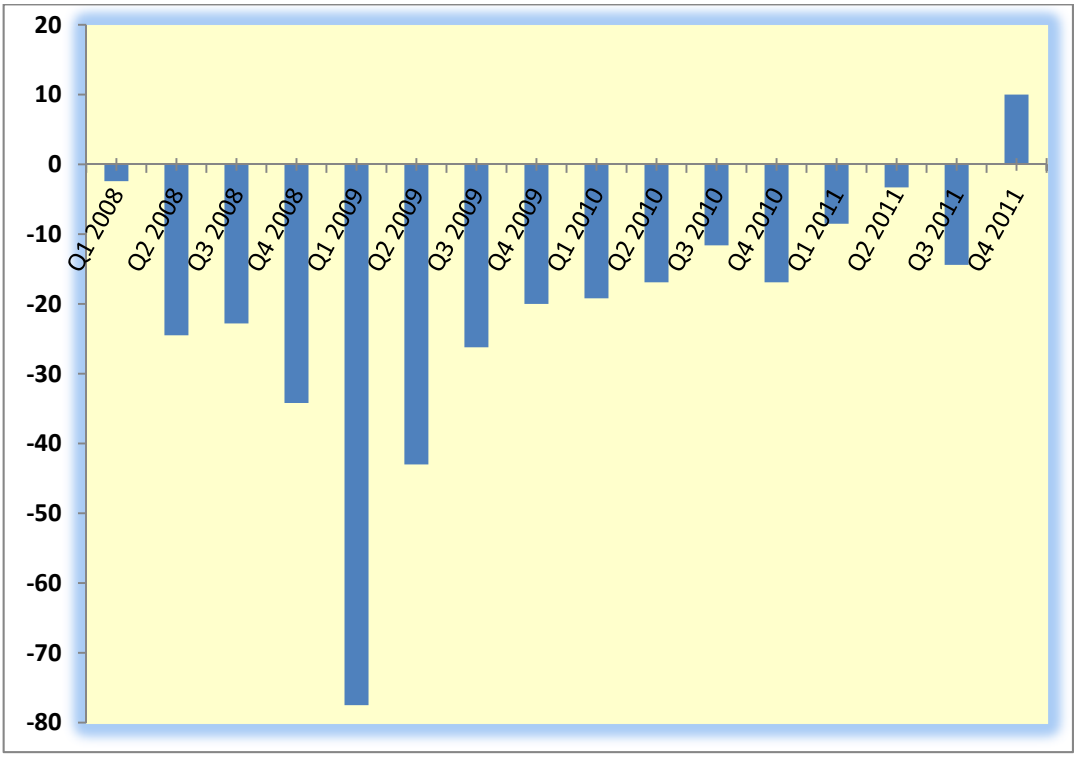


Table 1.3 Seasonally adjusted quarterly movements in employment Q1 2008-Q4 2011

Period	Change in employment (sa) '000s
Q1 2008	-2.4
Q2 2008	-24.5
Q3 2008	-22.8
Q4 2008	-34.2
Q1 2009	-77.5
Q2 2009	-43.0
Q3 2009	-26.2
Q4 2009	-20.0
Q1 2010	-19.2
Q2 2010	-16.9
Q3 2010	-11.6
Q4 2010	-16.9
Q1 2011	-8.5
Q2 2011	-3.3
Q3 2011	-14.4
Q4 2011	+10.0

Interpretation

The numbers in employment grew by 10,000 in Q4 2011(seasonally adjusted) – the first increase recorded after 15 consecutive quarters of losses since total employment began to fall in Q4 2007.

Technical Notes:

The *CSO's Quarterly National Household Survey* is a conducted each week over a total sample of 39,000 households and is published on a quarterly basis. These households are surveyed over five consecutive quarters. The *ILO definition of the labour force* included all those employed and unemployed over the age of 15, but excludes the inactive population. The *NACE codes* are employment sector classifications. *Seasonally adjusted data* are estimated using the X-12-ARIMA model.

Source(s):

CSO Quarterly National Household survey

2 People out of Work

Indicator 2.1 The Rate of Unemployment across European Union Member States

Indicator defined

Total unemployed as a percentage of the Labour Force (ILO definition)

Reference period for latest available data used in this indicator is January 2012. Data extracted on 20 March 2012. Next update due on or before the next edition of this publication.

Chart 2.1 Rates of Unemployment January 2012

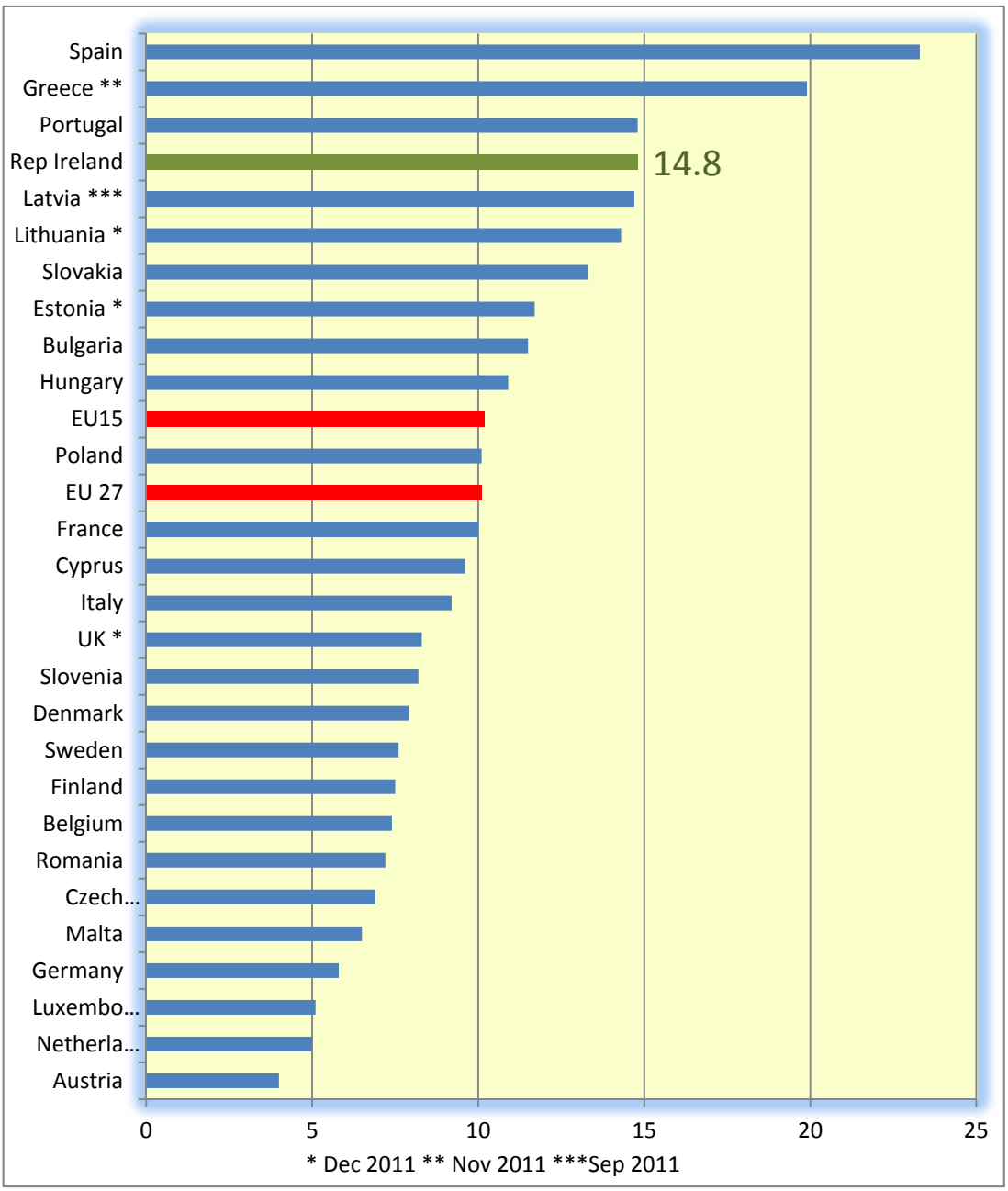


Table 2.1 Rates of Unemployment January 2012

Country	%	Country	%
Spain	23.3	Italy	9.2
Greece **	19.9	United King *	8.3
Rep of Ireland	14.8	Slovenia	8.2
Portugal	14.8	Denmark	7.9
Latvia ***	14.7	Sweden	7.6
Lithuania *	14.3	Finland	7.5
Slovakia	13.3	Belgium	7.4
Estonia *	11.7	Romania	7.2
Bulgaria	11.5	Czech Republic	6.9
Hungary	10.9	Malta	6.5
EU15	10.2	Germany	5.8
EU 27	10.1	Luxembourg	5.1
Poland	10.1	Netherlands	5.0
France	10.0	Austria	4.0
Cyprus	9.6		

Notes: data from * Dec 2011 ** Nov 2011 ***Sep 2011

Interpretation

The rate of unemployment varied considerably across Member States at the beginning of 2012. The average across the whole Union was just in excess of 10% while in the Republic of Ireland the rate was 14.8%.

Technical Notes:

The standard definitions of the International Labour Organisation (ILO) are used by Eurostat to compare rates of economic activity in the labour market in European Union Member States. Data refer to all unemployed persons aged 15 to 74 who were not employed during the reference week, had actively sought work during the past four weeks and were ready to begin working immediately or within two weeks. Employed persons are all persons who worked at least one hour for pay or profit during the reference week or were temporarily absent from such work. The unemployment rate is the number of people unemployed as a percentage of the labour force. The labour force is the total number of people employed and unemployed. All data refer to seasonally adjusted data for January 2012 except in the following countries where the reference date is earlier: Estonia, Greece, Latvia, Lithuania and the United Kingdom.

Source(s):

Eurostat online Database here.

Indicator 2.2 Rates of Unemployment among Young People across European Union Member States

Indicator defined

Total unemployed under the age of 25 as a percentage of the corresponding Labour Force (ILO definition)

Reference period for latest available data used in this indicator is January 2012. Data extracted on 20 March 2012. Next update due on or before the next edition of this publication.

Chart 2.2 Rates of Unemployment persons aged < 25 years - January 2012

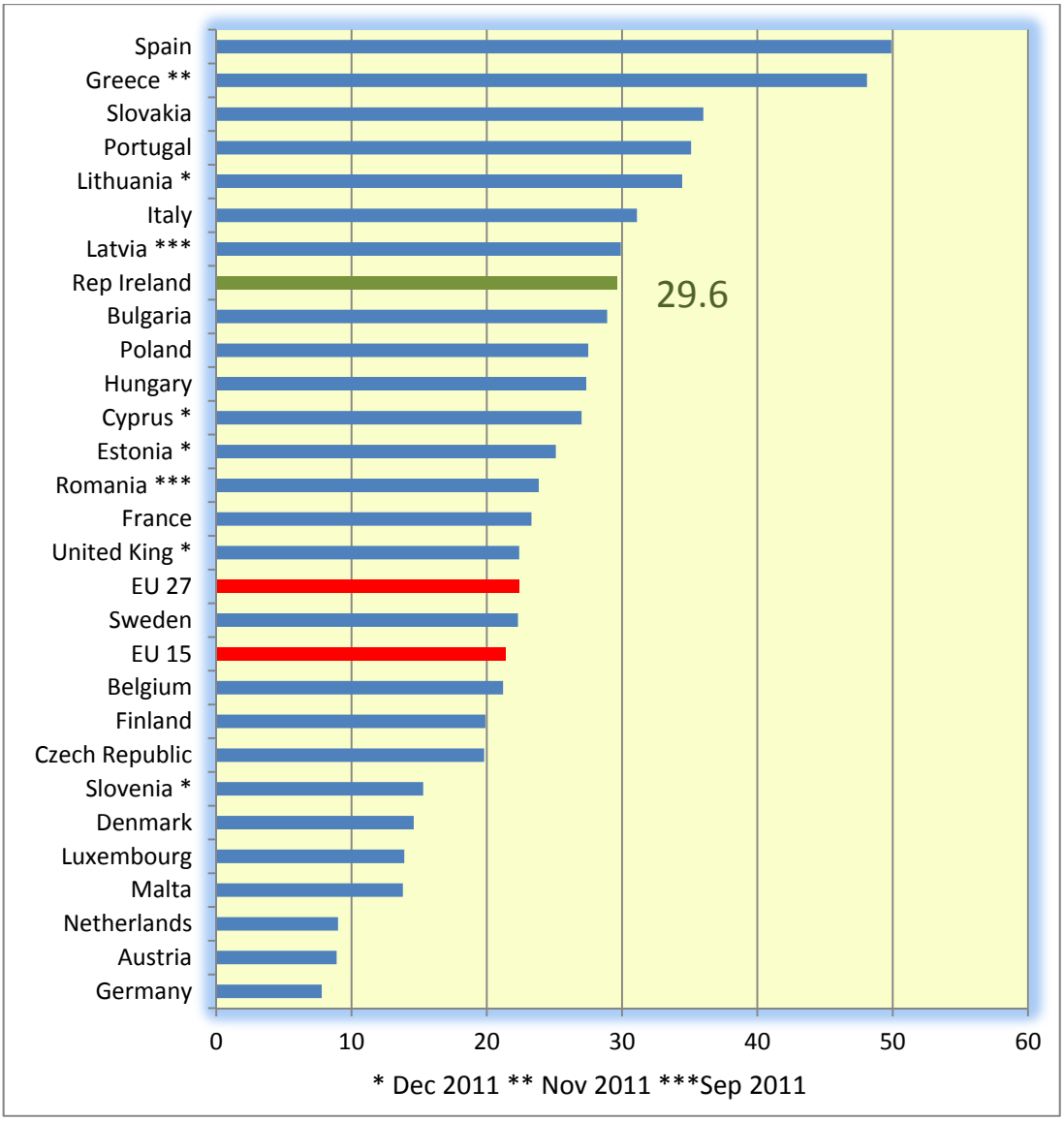


Table 2.2 Rates of Unemployment among persons aged < 25 - January 2012

Country	%	Country	%
Spain	49.9	EU 27	22.4
Greece **	48.1	United King *	22.4
Slovakia	36.0	Sweden	22.3
Portugal	35.1	EU 15	21.4
Lithuania *	34.4	Belgium	21.2
Italy	31.1	Finland	19.9
Latvia ***	29.9	Czech Republic	19.8
Rep Ireland	29.6	Slovenia *	15.3
Bulgaria	28.9	Denmark	14.6
Poland	27.5	Luxembourg	13.9
Hungary	27.3	Malta	13.8
Cyprus *	27.0	Netherlands	9.0
Estonia *	25.1	Austria	8.9
Romania ***	23.8	Germany	7.8
France	23.3		

Notes: data from * Dec 2011 ** Nov 2011 ***Sep 2011

Interpretation

The rate of youth unemployment (for persons under the age of 25) is, on average, over twice the rate for all persons. However, in some Member States it is currently almost one half of the entire young labour force.

Technical Notes:

See Notes for Indicator 2.1, above.

Source(s):

Eurostat online Database here.

Indicator 2.3 Long-term Unemployment Trends (Republic of Ireland)

Indicator defined

Long-term unemployed as a percentage of all unemployed

Reference period for latest available data used in this indicator is Q3 of 2011. Data extracted on 20 March 2012. Next update due on or before the next edition of this publication.

Chart 2.3 Rates of Long-term Unemployment (>12 months) % of total unemployment

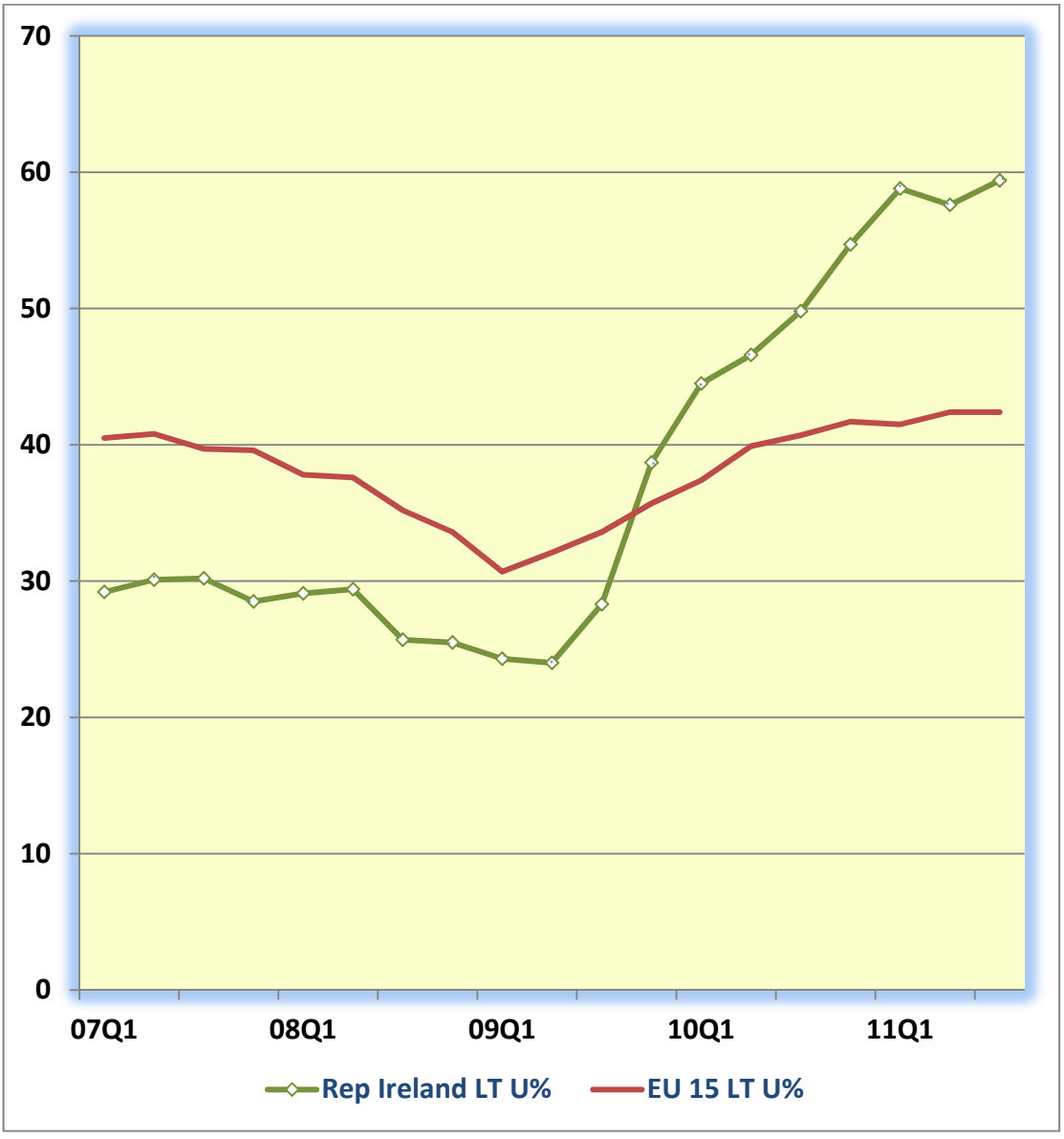


Table 2.3 Rates of Long-term Unemployment (>12 months) % of total unemployment

Period	Rep Ireland LT U%	EU 15 LT U%
2007 Q1	29.2	40.5
2007 Q2	30.1	40.8
2007 Q3	30.2	39.7
2007 Q4	28.5	39.6
2008 Q1	29.1	37.8
2008 Q2	29.4	37.6
2008 Q3	25.7	35.2
2008 Q4	25.5	33.6
2009 Q1	24.3	30.7
2009 Q2	24.0	32.1
2009 Q3	28.3	33.6
2009 Q4	38.7	35.7
2010 Q1	44.5	37.4
2010 Q2	46.6	39.9
2010 Q3	49.8	40.7
2010 Q4	54.7	41.7
2011 Q1	58.8	41.5
2011 Q2	57.6	42.4
2011 Q3	59.4	42.4

Interpretation

As total unemployment rates have increased across Europe the proportion of total unemployed who are long-term unemployed has increased especially since the first Quarter of 2009. The rate in the Republic of Ireland has risen sharply and overtook the EU 15 average in the last Quarter of 2009. Currently, long-term unemployed account for almost 60% of all unemployed in the Republic compared to just under 30% in 2007.

Technical Notes:

See Notes for Indicator 2.1, above.

Source(s):

Eurostat online Database here.

Indicator 2.4 Under-employment across European Union Member States

Indicator defined

Rates of unemployment and under-employment as percentage of 'wide labour force'

Reference period for latest available data used in this indicator is 2010. Data extracted on 20 March 2012. Next update due on or before the next edition of this publication.

Chart 2.4 Rates of Unemployment/Under-employment - 2010

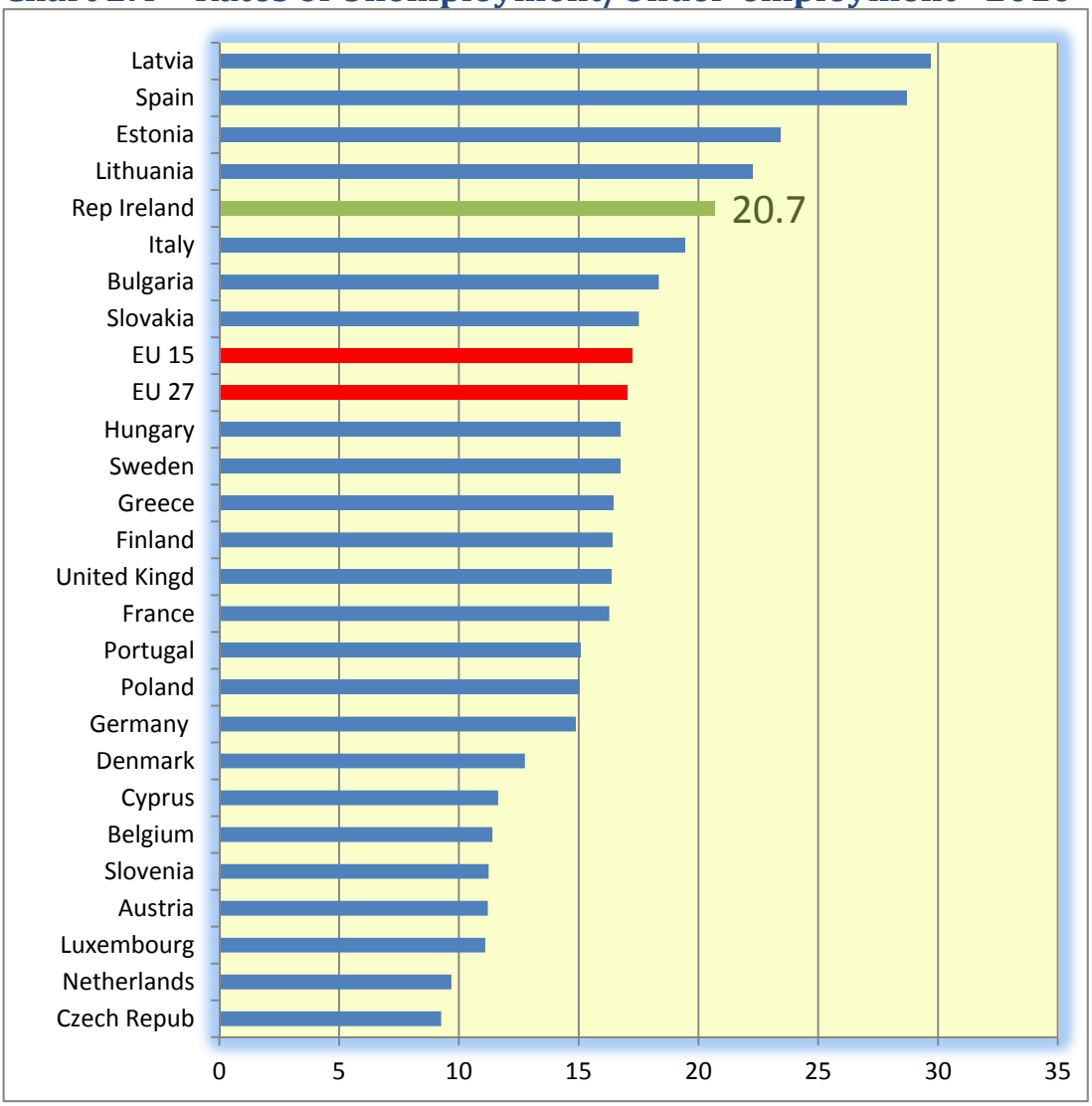


Table 2.4 Rates Unemployment/Under-employment – 2010

Country	%	Country	%
Latvia	29.7	United Kingdom	16.4
Spain	28.7	France	16.3
Estonia	23.4	Portugal	15.1
Lithuania	22.3	Poland	15.1
Republic Irel	20.7	Germany	14.9
Italy	19.4	Denmark	12.8
Bulgaria	18.3	Cyprus	11.6
Slovakia	17.5	Belgium	11.4
EU 15	17.2	Slovenia	11.2
EU 27	17.0	Austria	11.2
Hungary	16.8	Luxembourg	11.1
Sweden	16.7	Netherlands	9.7
Greece	16.5	Czech Repub	9.3
Finland	16.4		

Interpretation

As job opportunities narrow an increasing number of workers drop out of the labour market defined as all persons at work or actively seeking, and available for, work. Adding together all persons in employment including under-employed, unemployed (ILO definition) and persons available for work but not actively seeking work (discouraged workers) and persons not immediately available but seeking work it is possible to estimate the total rate of unemployment and under-employment as a proportion of the 'wide labour force'.

Technical Notes:

Underemployed part-time workers are persons working part-time who wish to work additional hours and are available to do so. Part-time work is recorded as self-reported by individuals.

Persons seeking work but not immediately available are the sum of persons neither employed nor unemployed who: (a) are actively seeking work during the last 4 weeks but not available for work in the next 2 weeks; or (b)found a job to start in less than 3 months and are not available for work in the next 2 weeks; or (c) found a job to start in 3 months or more; or (d)are passively seeking work during the last 4 weeks and are available for work in the next 2 weeks.

Persons available to work but not seeking are persons neither employed nor unemployed who want to work, are available for work in the next 2 weeks but are not seeking work.

Source(s):

Eurostat online Database here.

Indicator 2.5 Under-employment over Time (Republic of Ireland)

Indicator defined

Rates of unemployment (ILO definition) and total under-employment including unemployment

Reference period for latest available data used in this indicator is Q4 of 2011. Data extracted on 20 March 2012. Next update due on or before the next edition of this publication.

Chart 2.5 Rates of Under-employment and Unemployment since 2008 - ROI

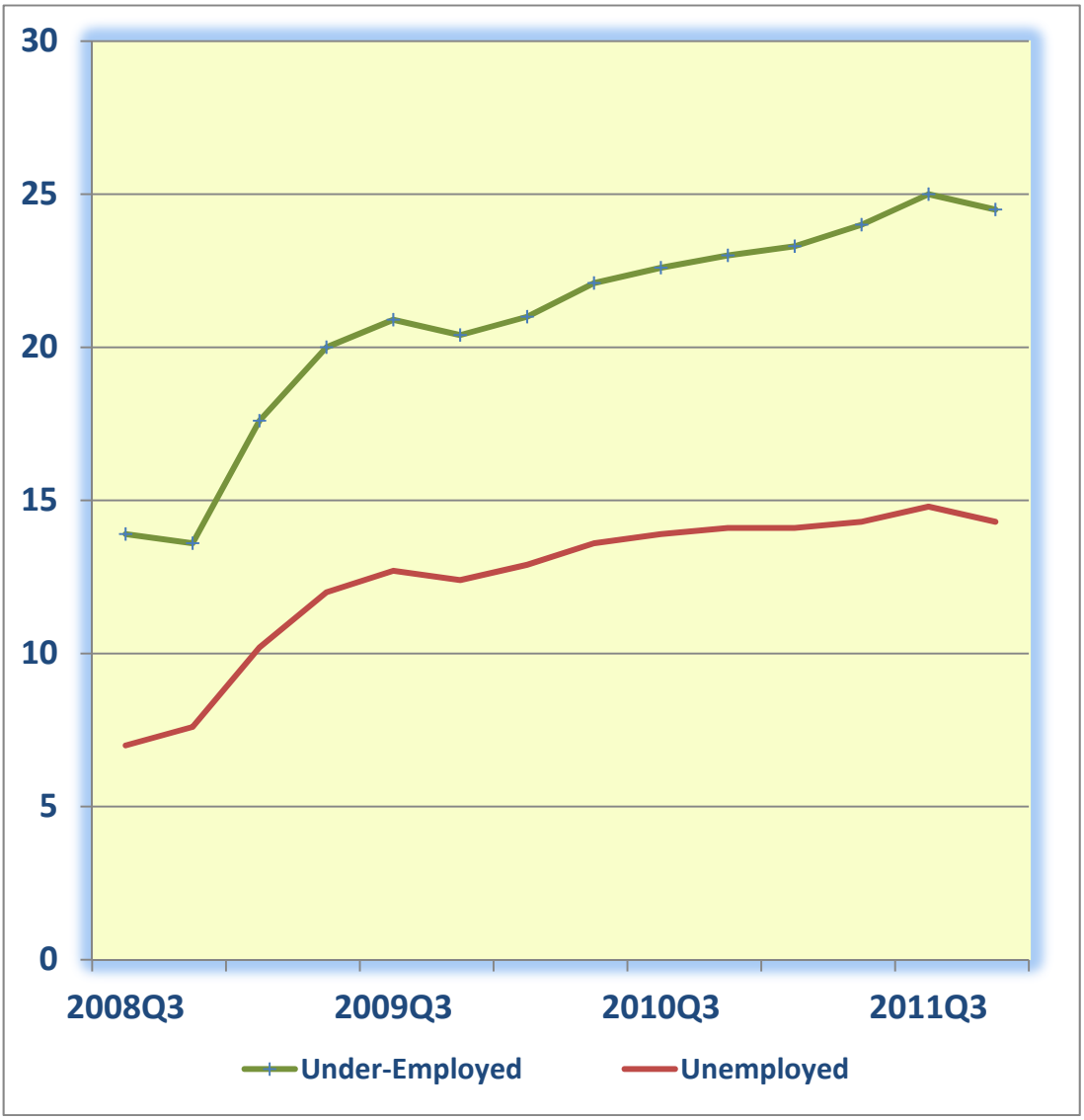


Table 2.5 Rates of Under-employment and Unemployment since 2008 - ROI

Period	Unemployed	Under-Employed S3
2008 Q3	7.0	13.9
2008 Q4	7.6	13.6
2009 Q1	10.2	17.6
2009 Q2	12.0	20.0
2009 Q3	12.7	20.9
2009 Q4	12.4	20.4
2010 Q1	12.9	21.0
2010 Q2	13.6	22.1
2010 Q3	13.9	22.6
2010 Q4	14.1	23.0
2011 Q1	14.1	23.3
2011 Q2	14.3	24.0
2011 Q3	14.8	25.0
2011 Q4	14.3	24.5

Interpretation

As job opportunities narrow an increasing number of workers drop out of the labour market defined as all persons at work or actively seeking, and available for, work. Adding together all persons in employment including under-employed, unemployed (ILO definition) and persons available for work but not actively seeking work (discouraged workers) and persons not immediately available but seeking work it is possible to estimate the total rate of unemployment and under-employment as a proportion of the 'wide labour force'.

Technical Notes:

S1: Unemployed plus discouraged workers as a percentage of the Labour Force plus discouraged workers

S2: Unemployed plus marginally attached plus others not in education who want work as a percentage of the Labour Force plus marginally attached plus others not in education who want work.

S3: Unemployed plus marginally attached plus others not in education who want work plus underemployed part-time workers as a percentage of the Labour Force plus marginally attached plus others not in education who want work.

Source(s):

CSO Quarterly National Household Survey December 2011 (for indicators of potential labour supply) here.

and CSO Statbank – for data on unemployment.

Indicator 2.6 Unemployed Persons per Job Vacancy

Indicator defined

Ratio of the stock of unemployed to the stock of job vacancies

Reference period for latest available data used in this indicator is Q2 of 2011. Data extracted on 2 March 2012. Next update due on or before the next edition of this publication.

Chart 2.6 Ratio of unemployed to job vacancies in the second quarter of 2011 – EU15

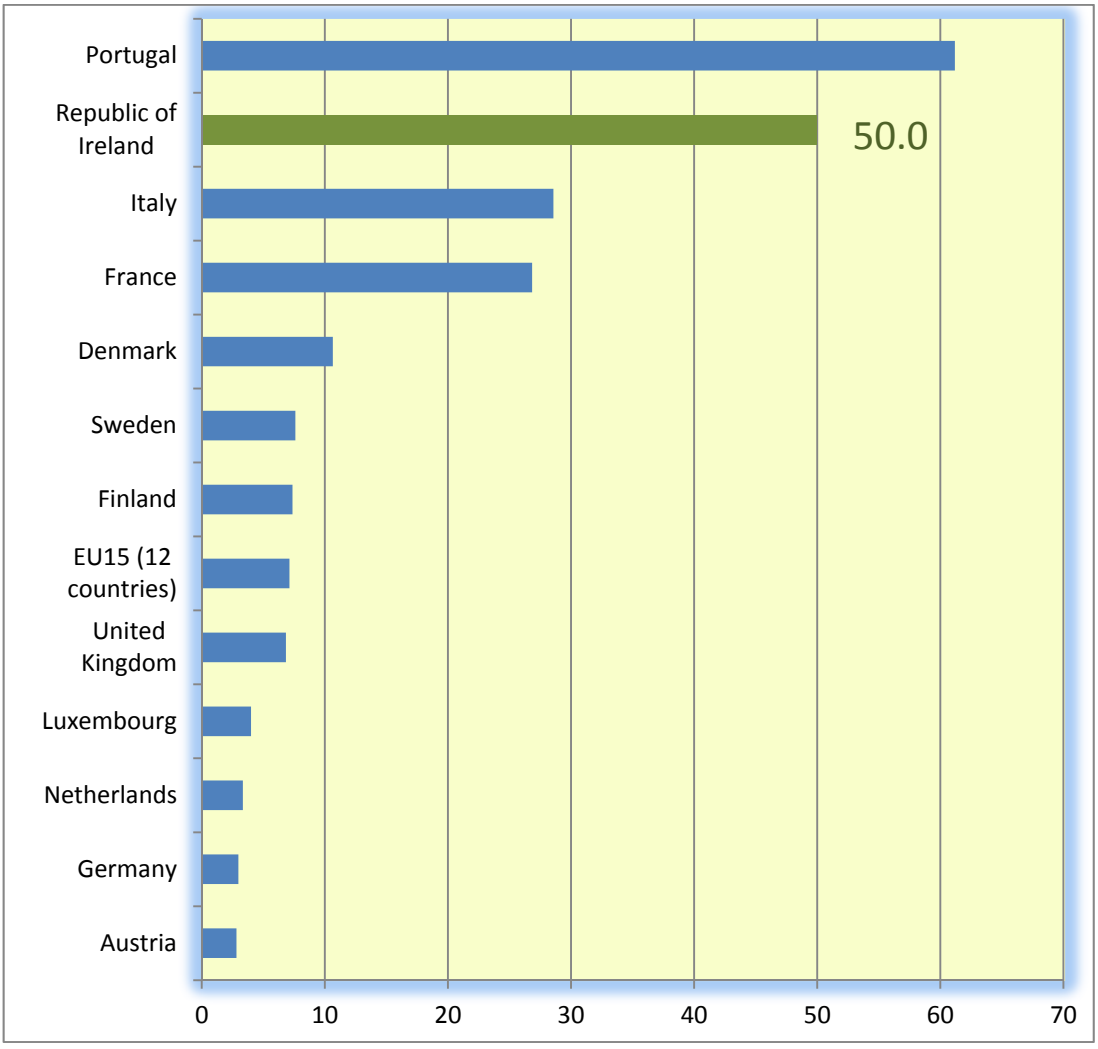


Table 2.6 Ratio of unemployed to job vacancies in the second quarter of 2011 – EU15

Country	Ratio
Portugal	61.2
Republic of Ireland	50.0
Italy	28.6
France	26.8
Denmark	10.7
Sweden	7.6
Finland	7.4
EU15 (12 countries)	7.1
United Kingdom	6.8
Luxembourg	4.0
Netherlands	3.3
Germany	3.0
Austria	2.8

Interpretation

The ratio of unemployed to job vacancies is a measure of the extent of labour market tightness. The higher the ratio the less opportunity for unemployed individuals to employment.

Technical Notes:

Data are published by the Commission on a quarterly basis. Two sources are used for this indicator: the EU Job Vacancy survey and the Labour Force Survey (both undertaken by Eurostat)

Stock of *unemployed*: unadjusted, age 15-64. Data are not available for Belgium, Greece, and Spain. ILO definition.

Stock of *job vacancies*: number of paid posts that are newly created, unoccupied, or about to become vacant for which the employer is taking active steps and is prepared to take further steps to find a suitable candidate from outside the enterprise concerned, and which the employer intends to fill either immediately or within a specific period of time. Agriculture and the public sector are excluded from the stock of job vacancies.

Source(s):

European Vacancy Monitor of the European Commission (DG Employment, Social Affairs and Inclusion). Issue no. 5 / January 2012 here.

3 Labour Costs

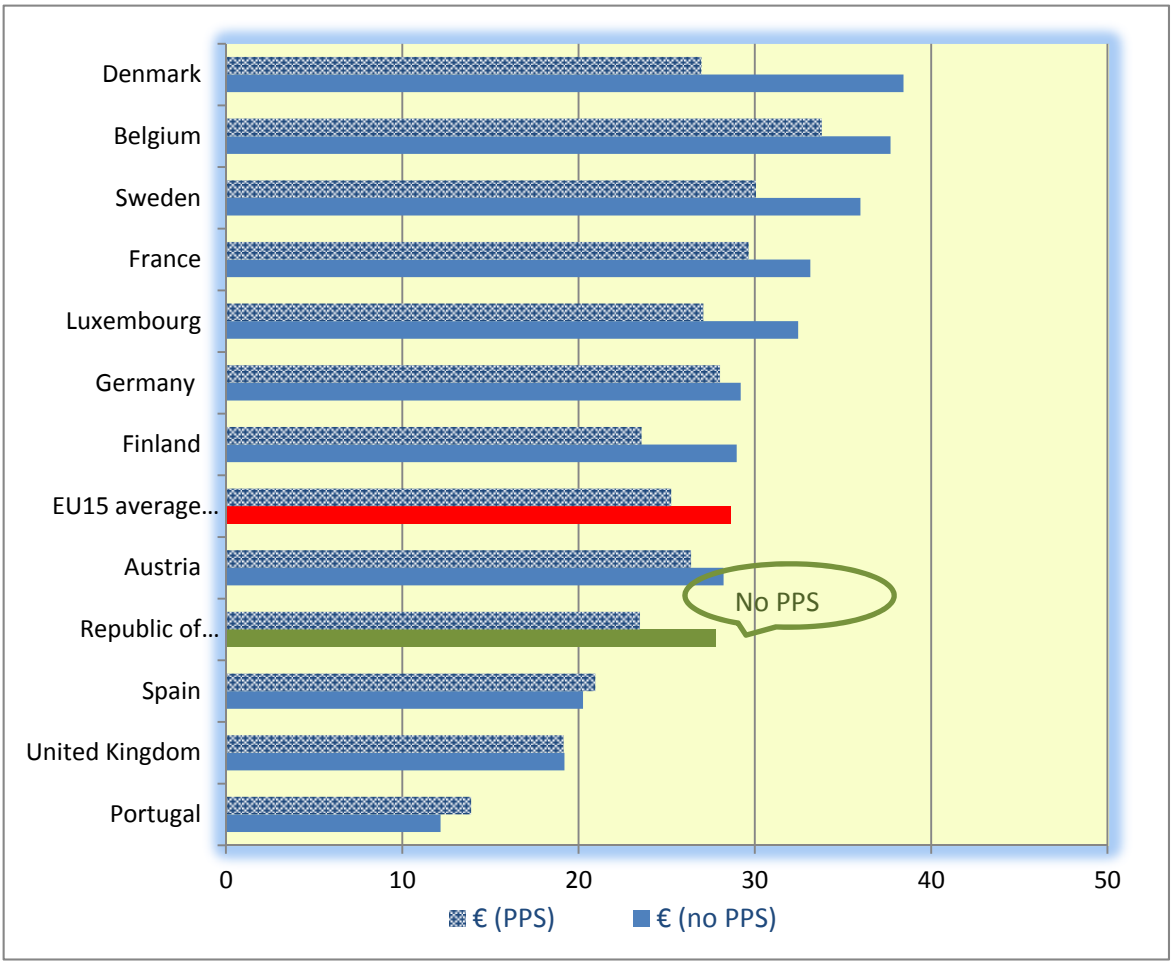
Indicator 3.1a Cost of Employing Labour across Advanced EU economies (EU15)

Indicator defined

Hourly cost of employing labour for the Business Economy (Euro with, and without, adjustment for differences in cost of living PPS)

Reference period for latest available data used in this indicator is 2010. Data extracted on 20 February 2012. Next update due on or before the next edition of this publication.

Chart 3.1a Hourly Labour Costs – Business Economy (EU15) in 2010



Note: Data for 2010 were not available for the following EU15 countries: Greece, Italy and Netherlands

Table 3.1a Hourly Labour Costs – Business Economy (EU15)

	€ (no PPS)	€ (PPS)
Denmark	38.43	26.96
Belgium	37.70	33.79
Sweden	35.99	30.05
France	33.15	29.64
Luxembourg	32.46	27.07
Germany	29.20	28.02
Finland	28.97	23.57
EU15 average *	**28.63**	**25.25**
Austria	28.23	26.37
Republic of Ireland	**27.76**	**23.48**
Spain	20.25	20.94
United Kingdom	19.20	19.15
Portugal	12.17	13.90

Note: * Data for 2010 were not available for the following EU15 countries: Greece, Italy and Netherlands. Therefore, average is for 12 countries only.

Interpretation

Comparative data of what it costs to employ labour may be presented in a number of ways. In this presentation the focus is on the cost per hour adjusted, and not adjusted, for differences in the cost of living in a country as measured by PPS – the purchasing power standard estimated by Eurostat.

Technical Notes:

The total business economy includes all sectors of industry and services excluding public administration. Agriculture is not included.

Data for Greece, Italy and Netherlands were not available for 2010. Greece reported €17.70 in 2009 (latest year available), Italy reported €24.41 in 2008 and Netherlands reported 29.23 in 2008.

Source(s):

Eurostat online database here.

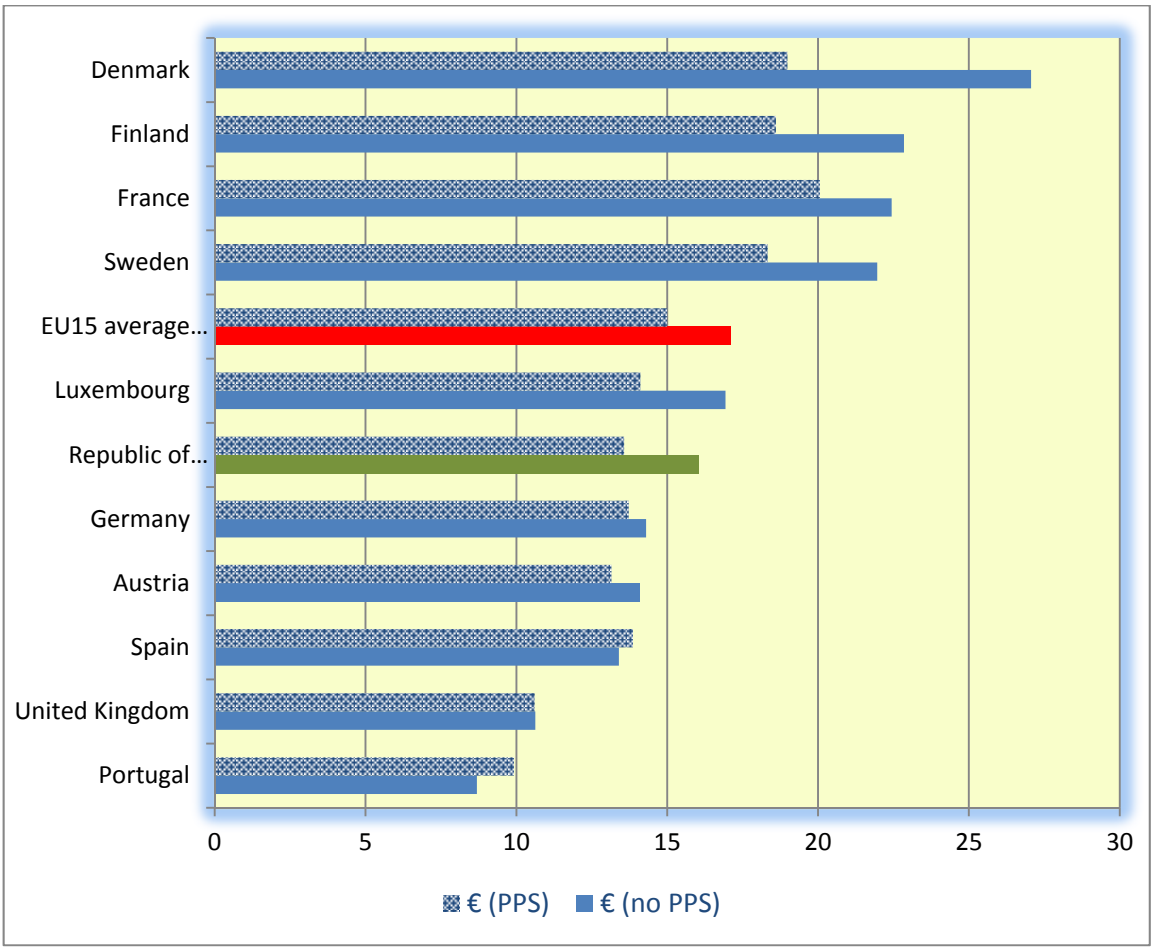
Indicator 3.1b How much does it cost to employ labour in the Accommodation and Food sectors across some advanced EU economies? (EU15)

Indicator defined

Hourly cost of employing labour for the Accommodation and Food Sector (Euro with, and without, adjustment for differences in cost of living PPS)

Reference period for latest available data used in this indicator is 2010. Data extracted on 24 March 2012. Next update due on or before the next edition of this publication.

Chart 3.1b Hourly Labour Costs – Accommodation and Food sector (EU15)



Note: Data for 2010 were not available for the following EU15 countries: Belgium, Greece, Italy and Netherlands

Table 3.1b Hourly Labour Costs – Accommodation and Food sector (EU15)

	€ (no PPS)	€ (PPS)
Denmark	27.06	18.98
Finland	22.85	18.60
France	22.44	20.06
Sweden	21.96	18.33
EU15 average*	**17.13**	**14.99**
Luxembourg	16.93	14.11
Republic of Ireland	**16.04**	**13.57**
Germany	14.30	13.72
Austria	14.08	13.15
Spain	13.40	13.86
United Kingdom	10.63	10.60
Portugal	8.69	9.92

Note: * Data for 2010 were not available for the following EU15 countries: Belgium, Greece, Italy and Netherlands. Therefore, average is for 11 countries only.

Interpretation

See interpretation for indicator 3.1a, above.

Technical Notes:

See notes for indicator 3.1a, above

Source(s):

Eurostat online database here.

Indicator 3.2 Comparing Labour Costs in the Civil Service across OECD countries (Clerical Officer)

Indicator defined

Total cost of 'Executive Staff' in Central Government in 2009 (US dollars at constant purchasing power parity)

Reference period for latest available data used in this indicator is 2009. Data extracted on 13 March 2012. Next update due in 2013.

Chart 3.2 Total cost of employing 'Clerical Officers' in the civil service US$- 2009 *(US Dollars at constant purchasing power parity)*

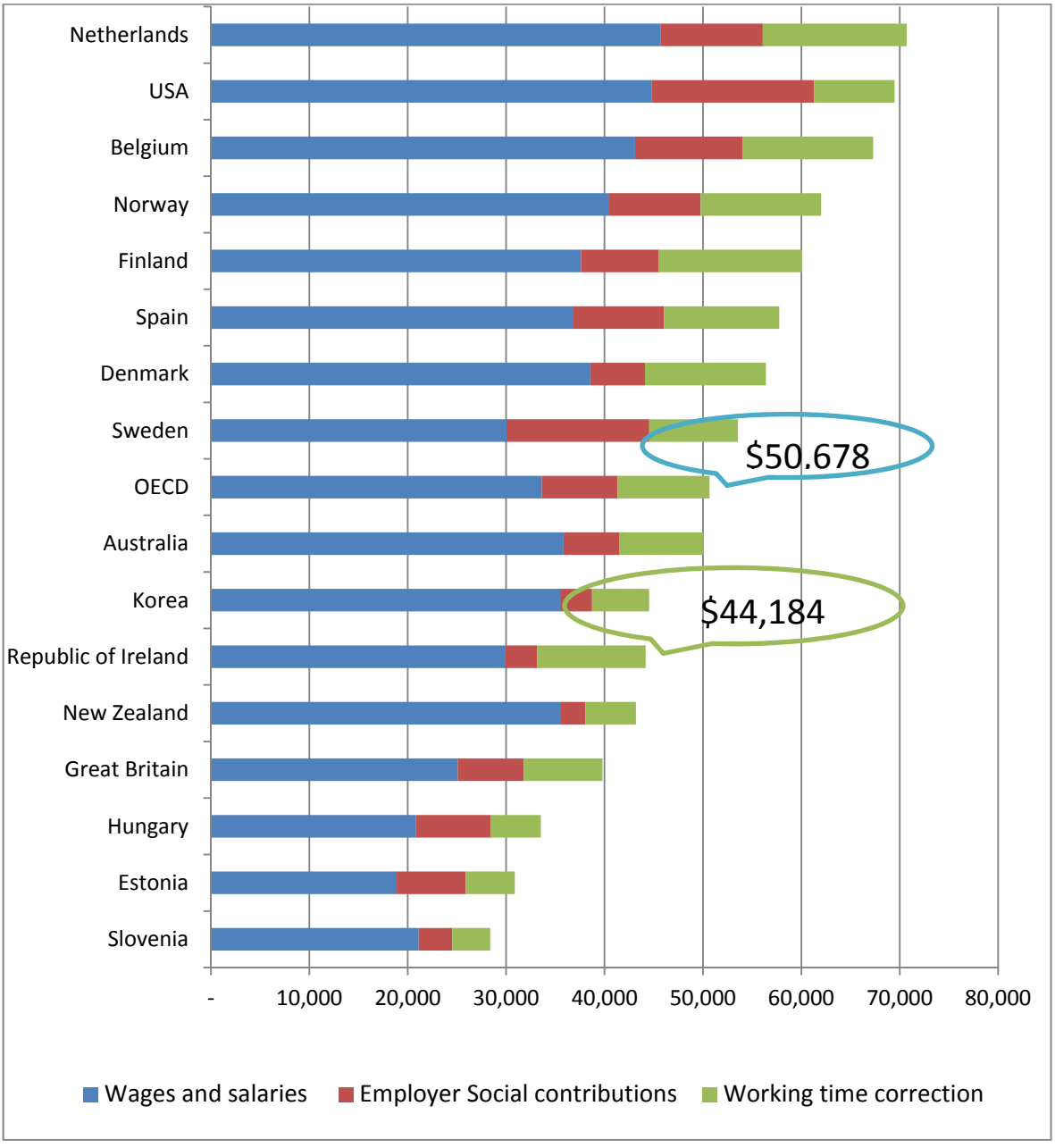


Table 3.2 Total cost of employing 'Clerical Officers' in the civil service US$- 2009 *(US Dollars at constant purchasing power parity)*

	Wages and salaries	Employer Social contributions	Working time correction	Total
Netherlands	45,717	10,363	14,640	**70,720**
USA	44,808	16,471	8,197	**69,476**
Belgium	43,099	10,903	13,297	**67,298**
Norway	40,473	9,302	12,238	**62,014**
Finland	37,609	7,865	14,615	**60,089**
Spain	36,772	9,267	11,707	**57,746**
Denmark	38,550	5,552	12,293	**56,394**
Sweden	30,034	14,511	9,011	**53,556**
OECD	**33,631**	**7,678**	**9,369**	**50,678**
Australia	35,831	5,701	8,529	**50,062**
Korea	35,575	3,151	5,808	**44,534**
Republic of Ireland	**29,940**	**3,219**	**11,026**	**44,184**
New Zealand	35,579	2,476	5,136	**43,191**
Great Britain	25,075	6,719	7,996	**39,791**
Hungary	20,806	7,646	5,081	**33,533**
Estonia	18,874	7,029	4,974	**30,877**
Slovenia	21,117	3,400	3,865	**28,381**

Interpretation

Comparisons of the cost of employing staff across countries is challenging. In its publication *Government at a Glance*, OECD provides comparative data in relation to the earnings and cost of employing certain categories of staff in the General Government sector according to an internationally agreed classification of occupations (ISCO-88). This indicator presents data for just one category – the grade of Clerical Officer or its equivalent in other countries. The comparison indicates that average cost per employee is lower in the Republic of Ireland than the average across reporting OECD countries. The data are expressed in US dollars corrected for differences in the cost of living and refer to the year 2009. The impact of pay cuts in the public service in the Republic in 2010 are not, therefore, captured in this comparison.

Technical Notes:

Secretaries (general office clerks) (ISCO-08 411 and 4110) 'perform a range of clerical and administrative tasks in connection with money-handling operations, travel arrangements, requests for information and appointments. They record, prepare, sort, classify and fill information; sort, open and send mail; prepare reports and correspondence of a routine nature; record issue of equipment to staff; respond to

telephone or electronic enquiries or forward to appropriate person; check figures, prepare invoices and record details of financial transactions made; transcribe information onto computers; and proofread and correct copy'. The international category of 'Secretaries' translates into 'Clerical Officer' grade staff in the Republic of Ireland.

Methodology and Definitions Note by OECD

> *Data refer to 2009 and were collected by the 2010 OECD survey on the Compensation of Employees in Central/Federal Governments. Officials from central Ministries and Agencies responded to the survey through the OECD Public Employment and Management Working Party.*
>
> *Total compensation includes wages and salaries, employers' social contributions to statutory social security schemes or privately funded social insurance schemes, as well as unfunded employee social benefits paid by the employer, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems). Compensation was converted to USD using PPPs for GDP from the OECD National Accounts Database. Working time adjustment compensates for differences in time worked (both weekly working time and holidays). A larger working time adjustment generally means that employees work fewer hours and/or days per year. The focus on total compensation allows a comparison of the varying degrees with which governments remunerate their employees via social contributions or via higher wages and salaries. In most cases data are for six central government Ministries/Departments only (Interior, Finance, Justice, Education, Health and Environment or their equivalents). Positions are based on the International Standard Classification of Occupations (ISCO). The main limitations of the data are the less-than-full comparability of occupations across countries, the way countries have interpreted the definition of the positions, and some lack of clarity regarding the level of social contributions and the differing costs of living across countries in capital cities.*
>
> *Compensation levels are calculated by averaging the compensation of the staff in place. (It is not the middle point between the minimum and maximum salary.)*

The following points should also be noted in regard to data provided for the Republic of Ireland:

1. The amount shown take into account the decrease of the salaries following the Financial Emergency Measures in the Public Interest Act 2009 (the public service pension deduction).
2. The impact of pay cuts in 2010 have not been included.
3. Estimates for employer Social contributions (10.45%) refer to staff hired after 1995 (class A1). The social insurance element of future pension liabilities to the State of employing staff is therefore captured in this figure. However, the occupational element of future pension liabilities is not included. An adjustment based on National Accounts data sources has been made for other OECD countries shown in the above Table and Chart. Hence, the present value to the Exchequer of future pension liabilities is likely to be under-estimated for the Republic of Ireland compared to some other OECD countries where pensions are funded by a separate employer contribution rather than through

a 'pay-as-you go' mechanism. Further analysis and survey work is planned by OECD in regard to this aspect of international comparison.

Source(s):

Government at a Glance, OECD, Paris. Download table here.

Source: 2010 OECD Survey on Compensation of Employees in Central/Federal Governments, OECD STAN database.

For further country-specific information as well as details on the methodology used see Annex D (available here)

4 Distribution of Income and Wealth

Indicator 4.1 Income Inequality over Time

Indicators defined

We use two measures to summarise the income distribution:

1. **The Gini coefficient** – an index ranging from 0 to 100 where 0 represents a perfectly equal distribution of income and 100 represents a perfectly unequal distribution (i.e. all the income is received by one individual).
2. **The income quintile ratio** – compares the % of the total disposable income received by individuals in the bottom 20% (quintile) of the income distribution to that received by the top 20%.

Simply, the greater these numbers, the greater the level of income inequality.

Reference period for latest available data used in this indicator 2010. Next update due early 2013

Chart 4.1a Gini coefficient

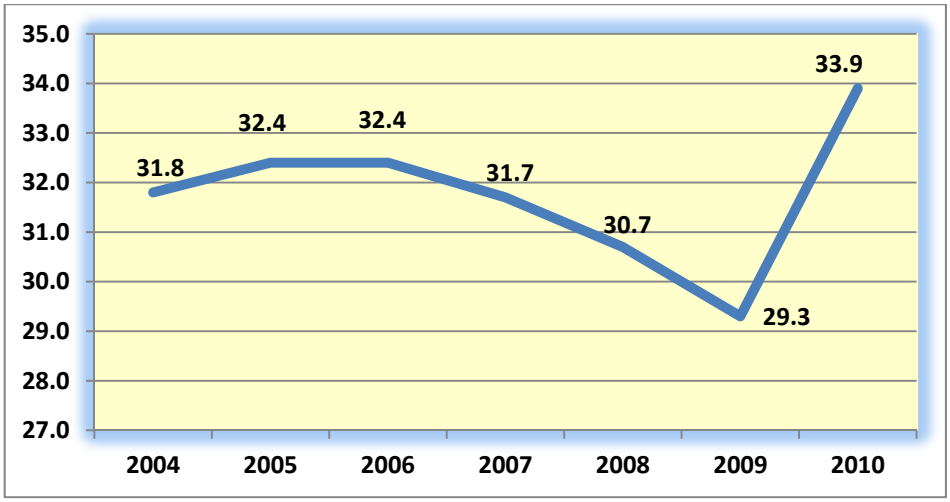


Chart 4.1b Income quintile ratio

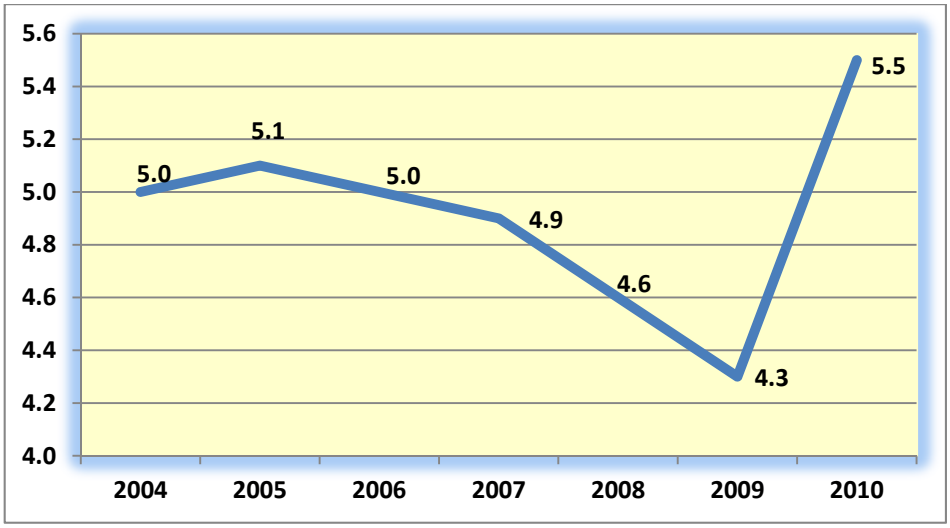


Table 4.1 Gini coefficient and income quintile ratio for Ireland's income distribution, 2004-2010

	2004	2005	2006	2007	2008	2009	2010
Gini coefficient	31.8	32.4	32.4	31.7	30.7	29.3	33.9
Income quintile ratio	5.0	5.1	5.0	4.9	4.6	4.3	5.5

Interpretation

Between 2004 and 2007 Ireland's income distribution was reasonably static with only small movements in both the measures reported above. Subsequently, during 2008 and 2009, the gap between the top and bottom quintile (20%) narrowed meaning income inequality fell to its lowest level since the introduction of the CSO's annual Survey on Income and Living Conditions (SILC). Between 2009 and 2010 there was a marked increase in income inequality with the income of the top quintile climbing from 4.3 to 5.5 times that of the bottom quintile while the Gini coefficient increased from 29.3 to 33.9.

Technical Notes:

The data used to compile these figures comes from the CSO's Survey on Income and Living Conditions (SILC). This survey, which has been carried out annually since 2004, collects data on a representative sample of the national population with the latest survey in 2010 providing data on over 11,500 individuals in approximately 5,000 households. The income data used is disposable income, representing the income individuals have to spend once they have paid all their income taxes and received any welfare entitlements. This income data has also been equivalised, or weighted, to account for differences in household size and composition using the national equivalence scale. Further details on the SILC survey and its income variables are available from the CSO documents and website references below.

Source(s):

CSO (2011) *Survey on Income and Living Conditions – Preliminary Results, 2010*. Dublin, Stationery Office.

CSO (2010) *Survey on Income and Living Conditions – Results, 2009*. Dublin, Stationery Office.

CSO SILC website: www.cso.ie/en/silc/

For further details on these income inequality indicators and for an account of income distribution trends prior to 2004 see:

Collins M.L. and C. Kavanagh (2006) 'The Changing Patterns of Income Distribution and Inequality in Ireland, 1973-2004.' In Collins, M.L., S. Healy and B. Reynolds (eds.), *Social Policy in Ireland, Principles, Practice and Problems (2nd edition)*. Dublin, Liffey Press.

Social Justice Ireland (2011) *An Agenda for a New Ireland - Socio-Economic Review 2011*. Dublin, Social Justice Ireland pp. 67-72.

Indicator 4.2 Wealth per Capita

Indicator defined

Net Financial Assets per person

Reference period for latest available data used in this indicator 2010.

Chart 4.2 Net Financial Wealth Per Person

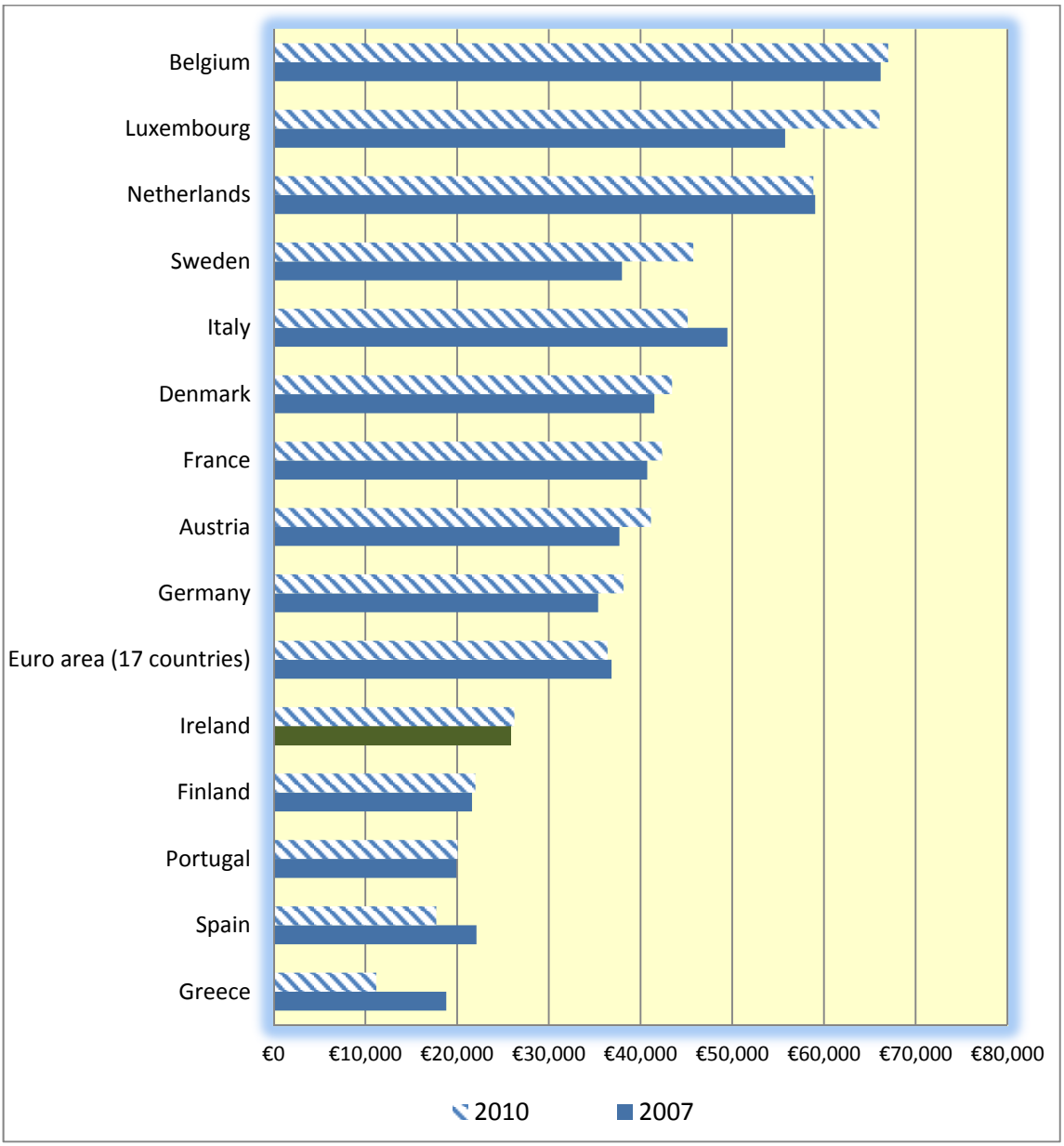


Table 4.2 Net Financial Assets per person Euro

	2007	2010
Austria	37,695	41,119
Belgium	66,182	67,002
Denmark	41,518	43,423
Euro area	**36,846**	**36,393**
Finland	21,624	21,985
France	40,739	42,337
Germany	35,384	38,120
Greece	18,817	11,185
Ireland	**25,896**	**26,226**
Italy	49,469	45,124
Luxembourg	55,775	66,048
Netherlands	59,045	58,836
Portugal	19,919	20,044
Spain	22,106	17,721
Sweden	37,976	45,754

Interpretation

Despite the financial crisis, net financial wealth per person has been remarkably stable across Europe. In *net* terms, the per person financial wealth of Irish residents is at the European average, though considerably less than wealthier Eurozone average. The average resident in Ireland owned 26,226 of financial wealth (such as cash, bank deposits, or shares). This does not include non-financial wealth such as property. As much financial wealth is held abroad, taxing this could help bring some money back into the Irish economy.

However, as these are *net average* figures, they give no indication as to the severe financial strain under which many households are suffering.

Technical Notes:

UK is omitted due to lack of data. The consolidated net financial assets of households and non-profit institutions serving households was divided by population as of 1st January.

Source(s):

Eurostat [nasa_f_bs]; Eurostat demo_pjan. Data accessed 2nd February 2012.

Indicator 4.3 Share of Wages in Total Income

Indicator defined

Adjusted wage share of GDP

Reference period for latest available data used in this indicator 2011.

Chart 4.3 Share of wages in total income

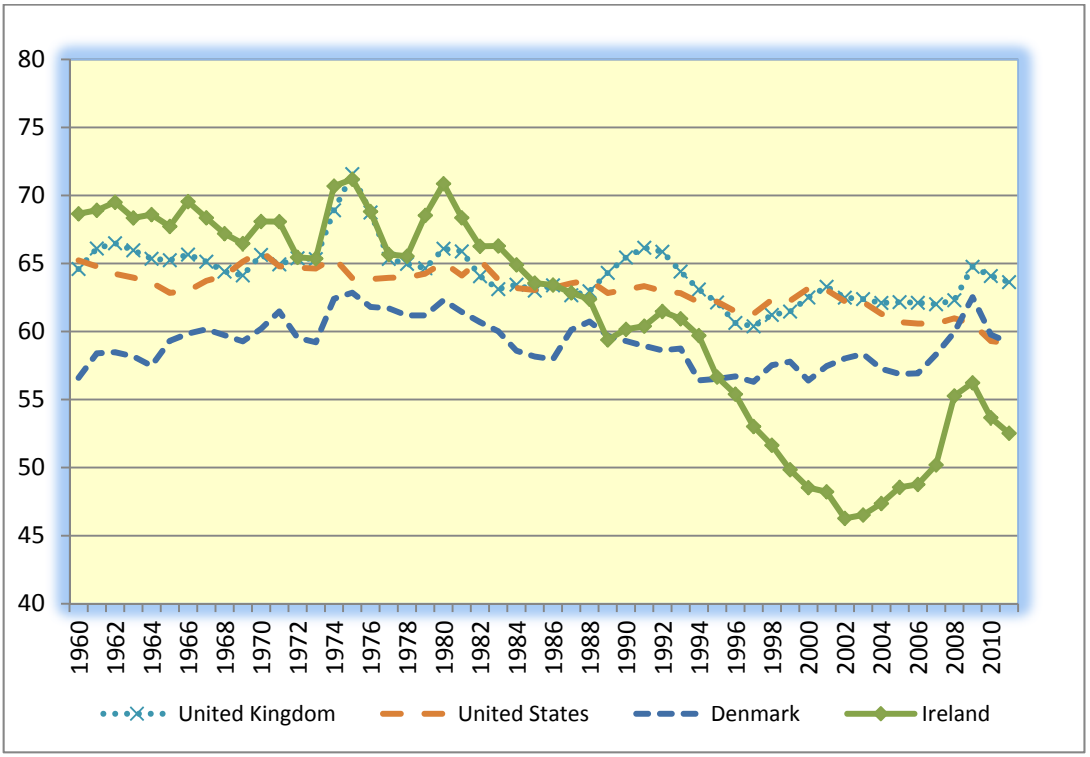


Table 4.3 Share of Labour in income

Country	Denmark	ROI	UK	US
1960	56.6	68.7	64.6	65.2
1970	60.2	68.1	65.6	65.9
1980	62.3	70.9	66.1	65.1
1985	58.2	63.6	63.0	63.1
1990	59.3	60.2	65.4	63.1
1991	58.9	60.4	66.2	63.3
1992	58.6	61.5	65.9	63.0
1993	58.7	60.9	64.4	62.8
1994	56.4	59.7	63.1	62.2
1995	56.5	56.7	62.1	62.2
1996	56.7	55.4	60.6	61.5
1997	56.3	53.0	60.4	61.3
1998	57.5	51.6	61.2	62.3
1999	57.8	49.8	61.5	62.3
2000	56.4	48.5	62.5	63.2
2001	57.5	48.2	63.3	63.1
2002	58.0	46.3	62.5	62.2
2003	58.3	46.5	62.4	62.2
2004	57.3	47.4	62.1	61.3
2005	56.9	48.5	62.2	60.7
2006	56.9	48.8	62.1	60.6
2007	58.3	50.2	62.0	60.6
2008	59.9	55.3	62.3	61.0
2009	62.5	56.2	64.8	60.6
2010	59.8	53.7	64.1	59.3
2011	59.2	52.5	63.6	59.1

Interpretation

The wage share is determined by capital intensity, technology, and also institutional factors. Globally there has been a general decline in the wage share, but Ireland's sharp decline followed by partial recovery is unique.

Technical Notes:

The wage share is the total compensation of employees (wages plus social insurance) divided by GDP. The wage share is adjusted by AMECO to account for self-employed workers.

Source(s):

AMECO (ALCD0)

5 Poverty and Social Exclusion

Indicator 5.1 Poverty and Deprivation in the Republic of Ireland

Poverty is measured using three indicators:

At risk of poverty rate: The proportion of individuals with disposable income of less than 60% of median income.

(Enforced) Deprivation rate: The proportion of individuals who cannot afford two or more items from a list of 11.

Consistent poverty rate: The proportion of individuals who are at-risk of poverty and also experiencing enforced deprivation.

Reference period for latest available data used in this indicator is 2010. Data extracted on March 2012. Next update due in early 2013.

Chart 5.1 Trends in poverty and deprivation, 2004-2010 (%)

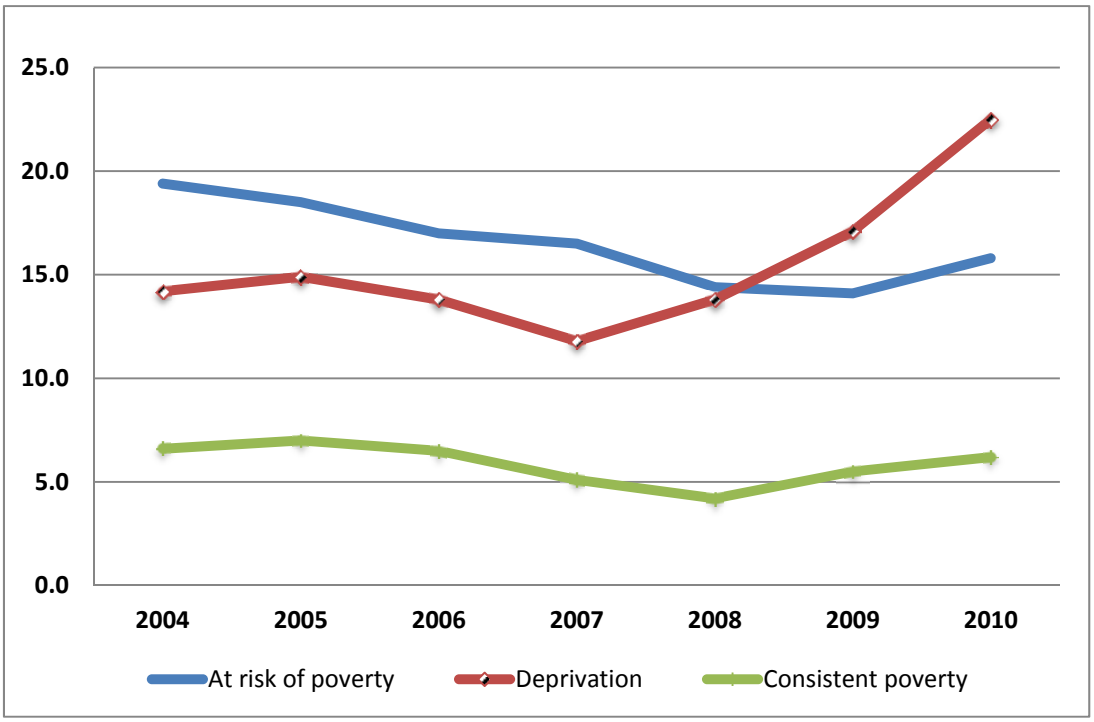


Table 5.1 Poverty and Deprivation rates for the Republic of Ireland as a % of the population, 2004-2010

	2004	2005	2006	2007	2008	2009	2010
At risk of poverty	19.4	18.5	17.0	16.5	14.4	14.1	15.8
Deprivation	14.2	14.9	13.8	11.8	13.8	17.1	22.5
Consistent poverty	6.6	7.0	6.5	5.1	4.2	5.5	6.2

Interpretation

The at risk of poverty or 'relative income poverty' rate fell from 2004 to 2009. However, the rate increased from 14.1% in 2009 to 15.8% in 2010, despite the fact that the threshold level (60% of median disposable income) declined by 10% between 2009 and 2010 (from €12,046 to €10,831); this reflects an overall decline in incomes over that period.

Enforced deprivation, measuring the number of individuals deprived of two or more basic items (see technical notes for list) fell to as low as 11.8% in 2007. However, it has increased since as the impact of the recession hit households. By 2010 22.5% of the ROI population were experiencing deprivation. Between 2009 and 2010, the increase in deprivation was predominantly among those not at risk of poverty, up from 13.7% in 2009 to 19.3% in 2010. During 2010, the main items where people experience enforced deprivation were: 'unable to afford to replace any worn out furniture' (20.3%); 'unable to afford a morning, afternoon or evening out in the last fortnight' (19.3%); and 'unable to afford to have family or friends for a drink or meal once a month' (14.4%).

The rate of consistent poverty measures the sub-section of the population who are at risk of poverty and experiencing deprivation. This measure is the focus of the government's official poverty target which aims to reduce those experiencing consistent poverty to between 2% and 4% by 2012 with the aim of eliminating it by 2016. Between 2005 and 2008 the rate fell, but it has since increased to 6.2% in 2010.

Technical Notes

The data used to compile these figures comes from the CSO's Survey on Income and Living Conditions (SILC) and has been described in the technical notes accompanying indicator 4.1. The at risk of poverty threshold is calculated as 60% of median disposable income.

The eleven indicators used to measure deprivation are: Without heating at some stage in the last year; Unable to afford a morning, afternoon or evening out in the last fortnight; Unable to afford two pairs of strong shoes; Unable to afford a roast once a week; Unable to afford a meal with meat, chicken or fish every second day; Unable to afford new (not second-hand) clothes; Unable to afford a warm waterproof coat; Unable to afford to keep the home adequately warm; Unable to afford to replace any worn out furniture; Unable to afford to have family or friends for a drink or meal once a month; Unable to afford to buy presents for family or friends at least once a year.

Source(s)

CSO (2011). Survey on Income and Living Conditions – Preliminary Results, 2010. Dublin, Stationery Office.

CSO SILC website: here.

See all the sources listed under indicator 4.1.

Indicator 5.2 Child Poverty in the ROI

Child Poverty is measured using two indicators:

Children at risk of poverty: The proportion of children living in households whose equivalised disposable income is less than 60% of median income.
Children in consistent poverty: The proportion of children living in households who are at-risk of poverty and also experiencing enforced deprivation.
Children are defined as being aged between 0-17 years.

Reference period for latest available data used in this indicator is 2010. Data extracted on March 2012. Next update due in early 2013.

Chart 5.2 Child Poverty, 2006-2010 (%)

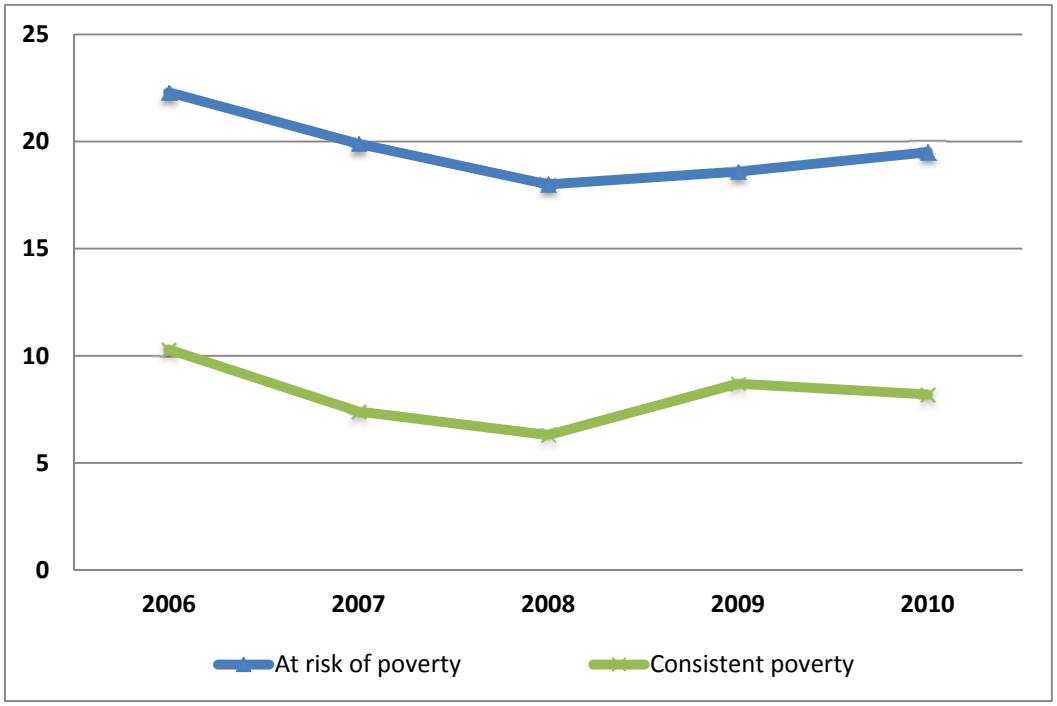


Table 5.2Child poverty for ROI as a % of the population of children aged 0-17yrs, 2006-2010

	2006	2007	2008	2009	2010
At risk of poverty	22.3	19.9	18.0	18.6	19.5
Consistent poverty	10.3	7.4	6.3	8.7	8.2

Interpretation

The proportion of the ROI's children living in households whose income is below the 60% of median income poverty line has experienced limited change over the past few years. While the years 2006-07 recorded a decrease from 22.3% to 19.9%, by 2010 almost 1 in every 5 children (19.5%) lived in a household experiencing relative income poverty.

Over the period 2006-2008 the proportion of children living in households experiencing both relative income poverty and deprivation (consistent poverty) decreased from 10.3% to 6.3%. However, since then it has increased and in 2010 8.2% of the ROI's children experienced consistent poverty.

Technical Notes

The data used to compile these figures comes from the CSO's Survey on Income and Living Conditions (SILC) and has been described in the technical notes accompanying indicator 4.1. The at risk of poverty threshold is calculated as 60% of median disposable income. The items used to measure enforced deprivation have been described in the technical notes accompanying indicator 5.1.

Prior to 2006 the CSO measured child poverty for children aged 0-14yrs and found that in both years 21.2% of children in this age group lived in households whose income is below the 60% of median income poverty line. The consistent poverty rate for this age group was 9.5% in 2006 and 10.2% in 2007.

Source(s)

CSO (2011). *Survey on Income and Living Conditions – Preliminary Results, 2010*. Dublin, Stationery Office.

CSO SILC website here.

See all the sources listed under indicator 4.1.

Indicator 5.3 In Work-Poverty in the ROI

In Work-Poverty is measured using two indicators:

Workers at risk of poverty: The proportion of individuals whose principle economic status is 'at work' and whose equivalised disposable income is less than 60% of median income.
Workers in consistent poverty: The proportion of individuals whose principle economic status is 'at work' and who are at-risk of poverty and also experiencing enforced deprivation.

Reference period for latest available data used in this indicator is 2010. Data extracted on March 2012. Next update due in early 2013.

Chart 5.3a In-work Poverty, 2004-2010 (%)

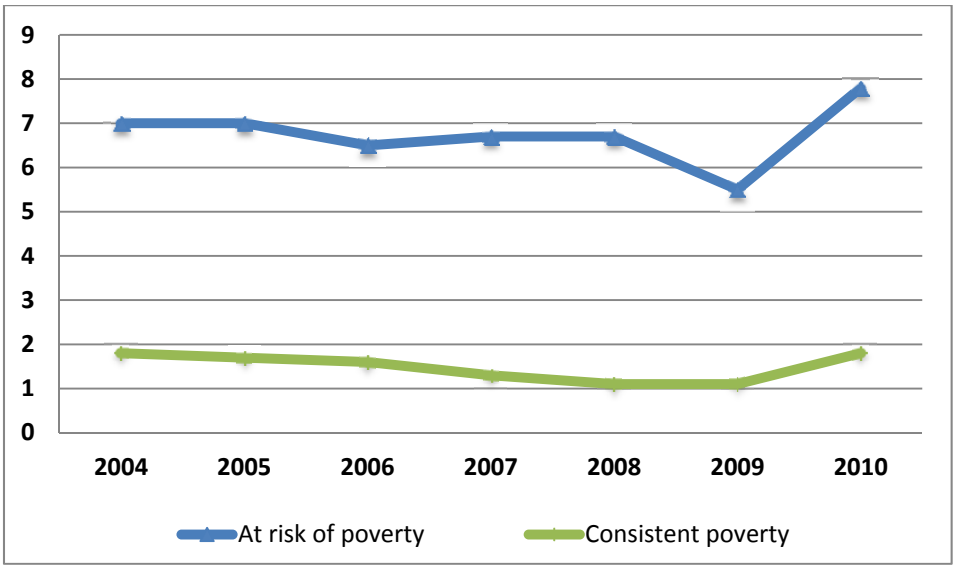


Chart 5.3b Composition of those at risk of poverty 2010 (%)

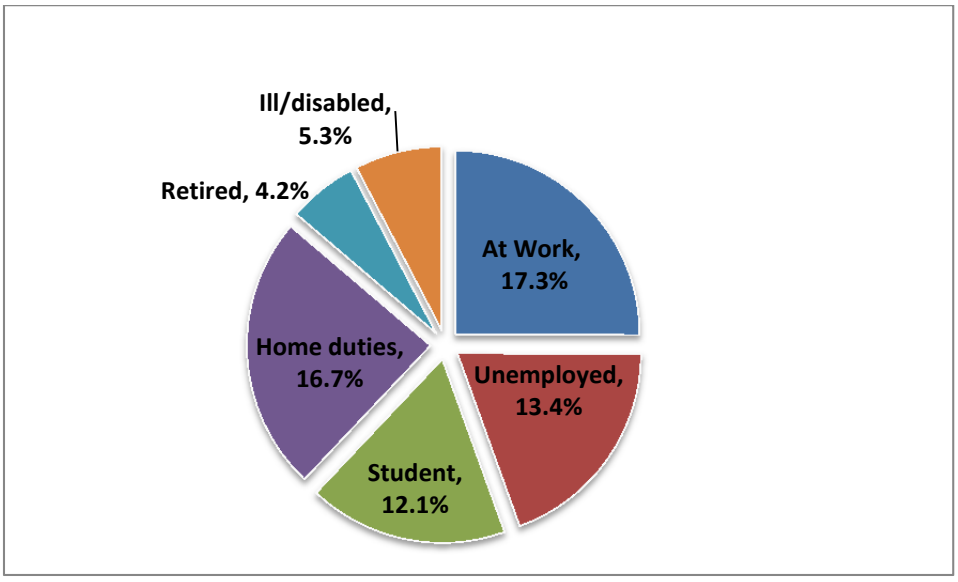


Table 5.3a In-work poverty in the ROI, 2004-2010

	2004	2005	2006	2007	2008	2009	2010
At risk of poverty	7.0	7.0	6.5	6.7	6.7	5.5	7.8
Consistent poverty	1.8	1.7	1.6	1.3	1.1	1.1	1.8

Table 5.3b Composition of those at risk or poverty in the ROI, 2009-2010

	2009	2010
At Work	14.3%	17.3%
Unemployed	12.9%	13.4%
Student	14.6%	12.1%
Home duties	18.0%	16.7%
Retired	4.7%	4.2%
Ill/disabled	6.4%	5.3%

Interpretation

Between 2004 and 2008 there was limited change in the proportion of individuals whose principle economic status is 'at work' and who were living at risk of poverty. However, by 2009 the rate dropped to 5.5% before increasing to almost 8% in 2010. Similarly, consistent poverty levels among those at work declined over much of the period before increasing once again in 2010.

Despite the fact that the rate of relative income poverty (7.8%) and consistent poverty (1.8%) is low among those whose principle economic status is work, the fact that the working population comprises a large part of the population aged 16 years and above results in a high number of workers being in poverty. Using the 2010 data, when poverty among those aged 16 years and above is decomposed by principle economic status, those at work (the working poor) emerge as the largest group of people at risk of poverty.

Technical Notes

See notes for indicators 4.1, 5.1 and 5.2. The composition of those at risk of poverty is decomposed by principle economic status for all those aged 16 years and above. The tables and charts above exclude figures for children under 16 years who are living in households that are at risk of poverty.

Source(s)

See all the sources listed under indicator 4.1.

6 Social Welfare Payments

Indicator 6.1 Unemployment Benefits Compared to Earnings (OECD countries)

Indicator defined

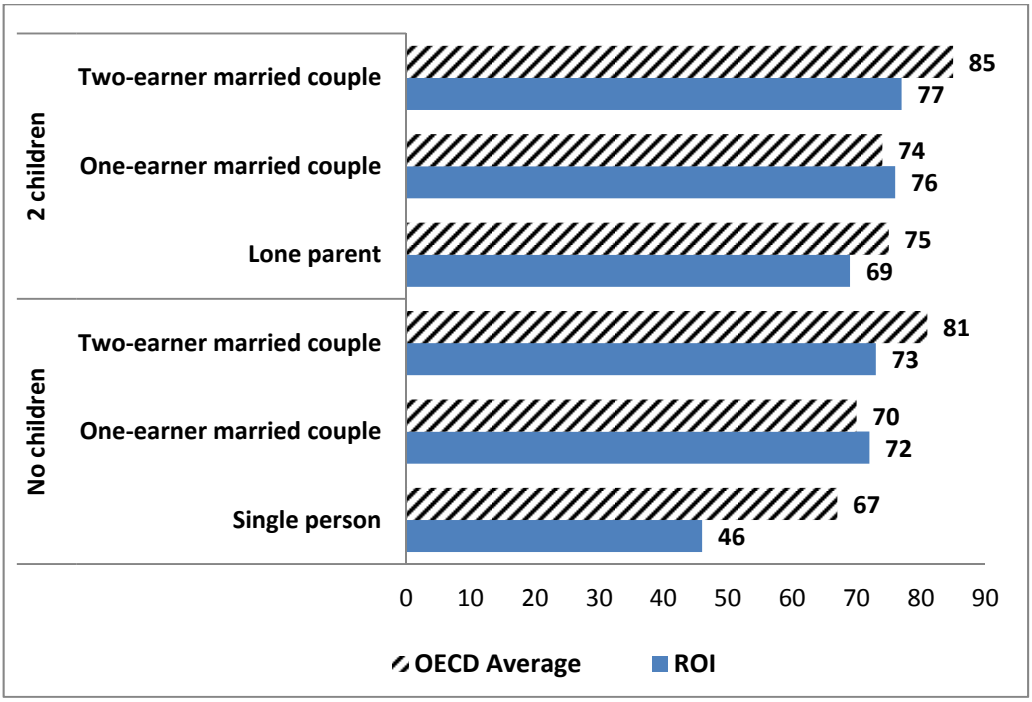
We compare pre and post Unemployment income using **the replacement ratio**. It refers to the level of welfare provided immediately after the individual becomes unemployed and calculates this as a proportion of previous after tax or net income.

The figures in this assessment are based on an individual earning 67% of the average wage in each OECD country before becoming unemployed. Figures are presented for six household types.

Table 6.1 Net Replacement Rates for six family types in initial phase of unemployment, OECD Countries 2009

	No children			2 children		
OECD countries	Single person	One-earner married couple	Two-earner married couple	Lone parent	One-earner married couple	Two-earner married couple
Australia	43	63	55	61	72	69
Austria	55	57	80	71	73	85
Belgium	89	77	85	87	77	87
Canada	64	65	81	75	76	85
Czech Republic	75	76	87	82	79	92
Denmark	83	85	91	89	88	93
Estonia	54	56	77	62	56	79
Finland	64	75	78	85	83	83
France	70	72	84	82	82	84
Germany	60	63	88	81	80	92
Greece	65	70	83	78	83	92
Hungary	73	75	86	81	79	89
Iceland	77	72	89	84	77	91
Ireland (ROI)	**46**	**72**	**73**	**69**	**76**	**77**
Israel	74	74	86	66	70	89
Italy	72	75	86	77	74	88
Japan	67	66	85	70	65	85
Korea	55	55	77	57	54	78
Luxembourg	82	81	89	88	89	93
Netherlands	76	88	84	75	84	81
New Zealand	52	71	57	70	75	64
Norway	67	69	84	88	89	86
Poland	67	69	71	86	62	77
Portugal	78	75	91	79	77	91
Slovak Republic	60	58	83	71	57	84
Slovenia	76	83	88	82	83	92
Spain	78	74	89	75	75	88
Sweden	69	69	85	83	80	86
Switzerland	82	83	89	84	84	90
Turkey	53	52	80	52	51	80
United Kingdom	55	66	59	72	77	69
United States	60	58	82	52	49	85
OECD Average	**67**	**70**	**81**	**75**	**74**	**85**

Chart 6.1 Republic of Ireland Net Replacement Rates for six family types in initial phase of unemployment compared to the OECD average, 2009



Interpretation

Replacement rates compare income prior to unemployment with income from welfare after unemployment. Across the OECD these rates range from 43% to 93%. Given the variation in individual country replacement rates, reflecting the nature and composition of welfare entitlements in these countries, the data shows the futility of making simple cross country comparisons based on one particular type of individual/household.

The ROI possesses the second lowest replacement rate for single unemployed people with no children within the OECD (46%), only Australia has a lower rate (43%). Of the six household types examined by the OECD (see table and chart) four record replacement rates below the OECD average and two above the average.

Technical Notes:

Data is from the OECD's Tax-Benefit Calculator. The OECD also examine replacement rates for individuals at 100% and 150% of average earnings. The data in the table and chart is from 2009, the latest comparable data available from the OECD. Since then changes to welfare rates and average earnings will have altered these replacement rates.

Source:

OECD Tax-Benefit Calculator here.

Indicator 6.2 Unemployment Benefits Compared to Earnings in the Republic of Ireland and the United Kingdom

Indicator defined

We compare pre and post Unemployment income using **the replacement ratio**. It refers to the level of welfare provided immediately after the individual becomes unemployed and calculates this as a proportion of previous after tax or net income.

The figures in this assessment are based on an individual earning 67%, 100% and 150% of the average wage in each country before becoming unemployed. Figures are presented for six household types.

Table 6.2 Net Replacement Rates for six family types in initial phase of unemployment, ROI, UK and OECD average 2009

	No children			2 children		
	Single person	One-earner married couple	Two-earner married couple	Lone parent	One-earner married couple	Two-earner married couple
67% of the average wage						
ROI	46	72	73	69	76	77
UK	55	66	59	72	77	69
OECD average	*67*	*70*	*81*	*75*	*74*	*85*
100% of the average wage						
ROI	33	52	61	60	63	65
UK	38	46	49	64	71	58
OECD average	*58*	*61*	*74*	*70*	*67*	*77*
150% of the average wage						
ROI	25	39	50	48	49	55
UK	26	32	39	46	51	47
OECD average	*47*	*48*	*63*	*57*	*55*	*66*

Interpretation

Replacement rates compare income prior to unemployment with income from welfare after unemployment. The table above compares replacement rates for individuals/households in the initial phase of unemployment (in effect the first year of unemployment) in ROI and the UK.

The results show a variation in replacement rates between ROI and the UK and highlight the inappropriateness of simple cross country comparisons between them. In the case of the six households whose pre-unemployment income represented 67% of the average wage, three household types have a higher replacement rate in ROI and three in the UK. A similar picture emerges from households whose income was at the average wage prior to unemployment; replacement rates are highest in the ROI for three of the six cases and highest in the UK for the other three cases. At 150% of average earnings, four of the six replacement rates are highest in the ROI.

Across all of the 18 household types examined, in only two cases are the replacement rates higher than the OECD average in either ROI or the UK: one-earner married couple no children at 67% of average earnings in the ROI and one-earner married couple two children at 67% of average earnings in both ROI and the UK.

Comparisons of net replacement rates do not take into account differences in various types of non-cash payment benefits to households such as subsidised services or exemption from various charges.

Technical Notes:

Data are from the OECD's Tax-Benefit Calculator. The data in the table and chart is from 2009, the latest comparable data available from the OECD. Since then changes to welfare rates and average earnings will have altered these replacement rates.

Source:

OECD Tax-Benefit Calculator here.

7 Public Finances

Indicator 7.1 Trends in Public Expenditure and Revenue (EU27 and Republic of Ireland)

Indicator defined

Total General Government Expenditure and Revenue.

Reference period for latest available data used in this indicator is 2010-2015. Data extracted on 24 March 2012. Next update due on or before the next edition of this publication.

Chart 7.1 Trends in Expenditure and Revenue (including projections to 2015 according to Stability Programme Update)

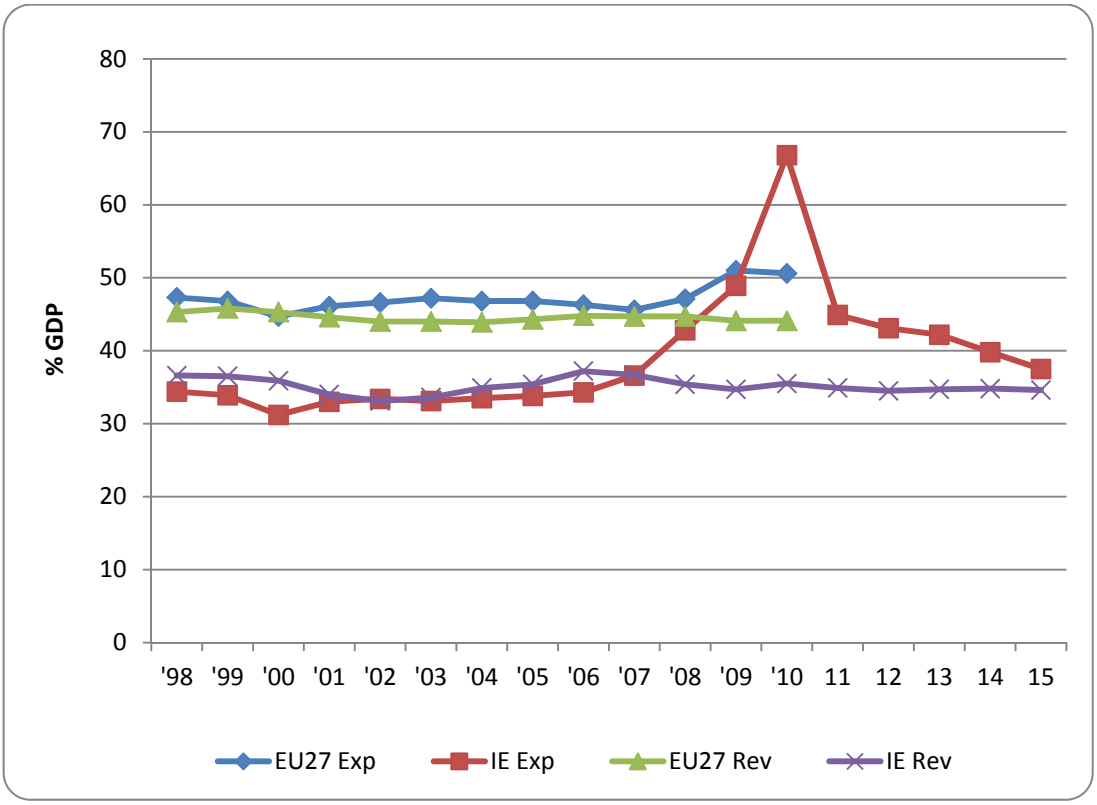


Table 7.1 Trends in Expenditure and Revenue (including projections to 2015)

	EU27 Expend.	ROI Expend	EU27 Rev	ROI Rev
1998	47.3	34.4	45.3	36.6
1999	46.8	33.9	45.8	36.5
2000	44.7	31.2	45.3	35.9
2001	46.1	33.0	44.6	34.0
2002	46.6	33.4	44.0	33.1
2003	47.2	33.1	44.0	33.6
2004	46.8	33.5	43.9	34.9
2005	46.8	33.8	44.3	35.4
2006	46.3	34.3	44.8	37.2
2007	45.6	36.6	44.7	36.7
2008	47.1	42.8	44.7	35.4
2009	51.0	48.9	44.1	34.7
2010	50.6	66.8	44.1	35.5
2011	-	44.9	-	34.9
2012	-	43.1	-	34.5
2013	-	42.2	-	34.7
2014	-	39.8	-	34.8
2015	-	37.5	-	34.6

Interpretation

Public expenditure relating to bank recapitalisation in 2010 was included in the above chart.

A feature of fiscal adjustment as pursued in the Republic, both before and after the November 2010 Troika Agreement, is that it has leaned on expenditure and not on tax. When measured as a percentage of GDP, the entire adjustment is on the expenditure side with the share of total revenue in GDP staying constant over the remainder of the adjustment period. Total revenue is projected to fall from an estimated level of 34.9% of GDP in 2011 to a slightly lower level of 34.6% in 2015 (page D.19 of Economic and Fiscal Outlook). On the other hand, total spending is projected to fall sharply from an estimated level of 44.9% of GDP in 2011 to 37.5% in 2015.

Technical Notes:

Total General Government Revenue includes taxes and other receipts of public authorities

Source(s):

Eurostat online Database here.

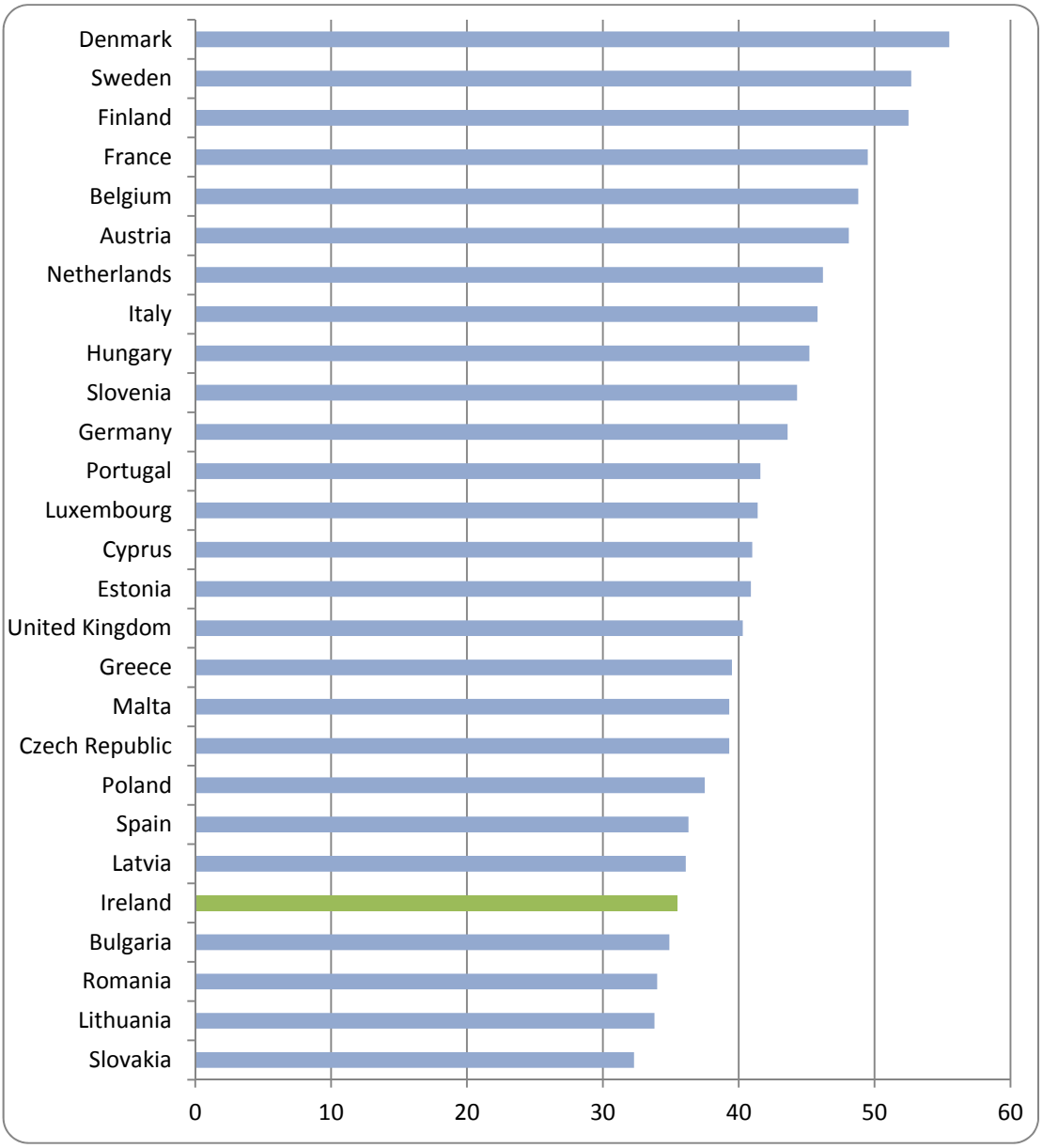
Indicator 7.2 Government Revenue as % GDP (EU27 and Republic of Ireland)

Indicator defined

Total General Government Revenue as % of GDP

Reference period for latest available data used in this indicator is 2010. Data extracted on 24 March 2012. Next update due on or before the next edition of this publication.

Chart 7.1 Government Revenue % GDP



Interpretation

As an alternative to comparing countries with reference to GDP Gross National Income (GNI) may be used. However, where GNI is used it is necessary to deduct an estimate for corporate taxes on repatriated profits which appears as part of GDP but not GNI.

Technical Notes:

Total General Government Revenue includes taxes and other receipts of public authorities

Source(s):

Eurostat online Database here.

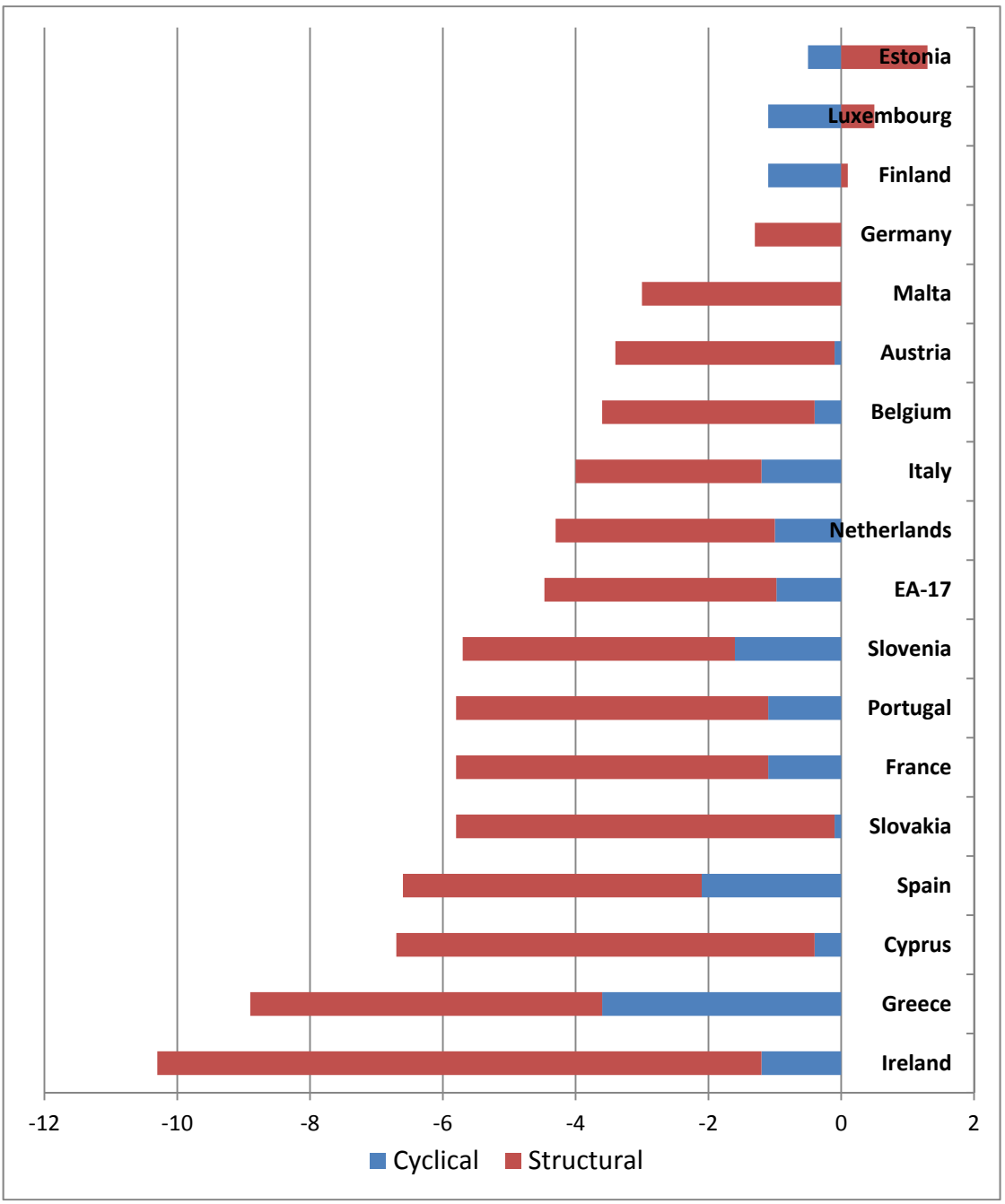
Indicator 7.3 General Government Deficit as % GDP (2011)

Indicator defined

Total General Government Deficit as % of GDP – structural and cyclical.

Reference period for latest available data used in this indicator is 2011. Data extracted on 24 March 2012. Next update due on or before the next edition of this publication.

Chart 7.3 Structural and Cyclical Deficits % GDP (2011)



Interpretation

The 'Golden Rule' contained in the 2012 EU Fiscal Compact stipulates that a Government's 'structural deficit' should not be greater than 0.5% of GDP for countries that have a debt-to- GDP ratio of over 60%. In 2011 three EU member states were compliant with the 'Golden Rule' with regard to the size of the structural deficit.

Technical Notes:

The 'Golden Rule' contained in the 2012 EU Fiscal Compact stipulates that a Government's 'structural deficit' should not be greater than 0.5% of GDP for countries that have a debt-to- GDP ratio of over 60%. The 'structural deficit' is defined as the difference between total government revenue and spending adjusted for changes in the business cycle. Such an adjustment is measured by economists and various public agencies using data over a period of time to identify the impact of the business cycle on the government deficit. Typically, deficits rise in recessions as public spending rises in response to higher unemployment and associated social payments while revenue falls off as people lose jobs or suffer loss of income. When economic conditions improve the deficit tends to fall. Analysts have attempted to estimate the portion of the deficit which can be explained by temporary cyclical factors. The remaining portion of the deficit is referred to as the 'structural deficit' – the gap between spending and revenue that remains when the temporary impact of the business cycle is ignored. For example, Ireland maintained a balance of government spending and revenue for most years up to 2007. With the onset of recession in 2008 spending initially rose and revenue fell so that a large 'cyclical' deficit opened up.

Source(s):

European Commission (2011) Statistical Annex of European Economy**.** Autumn 2011. ECFIN.

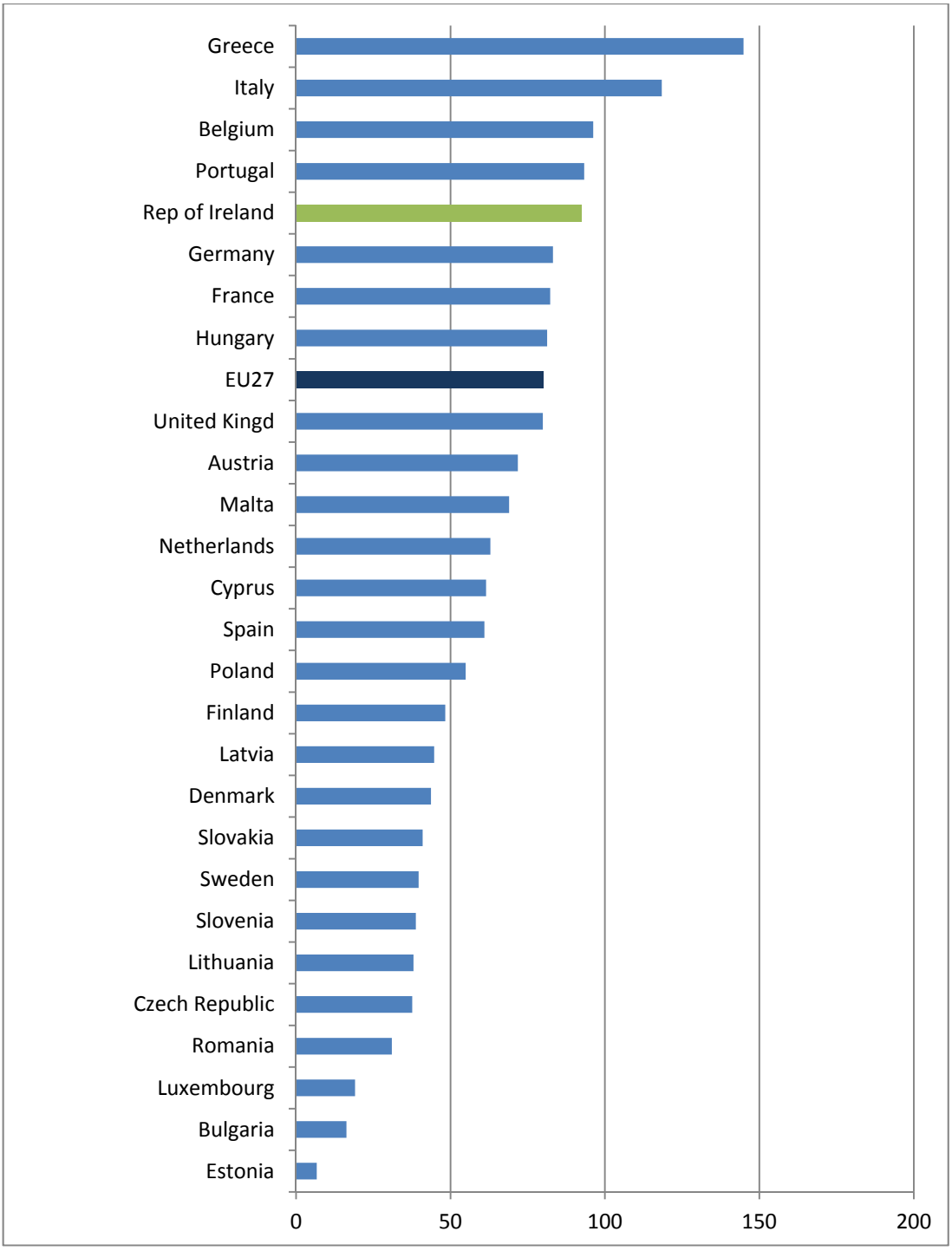
Indicator 7.4 General Government Debt as % GDP

Indicator defined

Total General Government Debt as % of GDP.

Reference period for latest available data used in this indicator is 2011. Data extracted on 24 March 2012. Next update due on or before QEF2.

Chart 7.4 General Government Debt % GDP (2011)



Interpretation

The 'Golden Rule' contained in the 2012 EU Fiscal Compact stipulates that where the government debt-to- GDP ratio exceeds 60% countries must reduce it by 1/20 per annum. In 2011 Ireland was among 14 EU member states who were above the 60% threshold.

Technical Notes:

See notes for indicator 7.3 above.

Source(s):

European Commission (2011) Statistical Annex of European Economy. Autumn 2011. ECFIN.

Notes

Nevin Economic Research Institute (NERI)

31/32 Parnell Square
Dublin 1
Phone + 353 1 8897722

Carlin House
4-6 Donegall Street Place
Belfast
BT1 2FN,
Northern Ireland
Phone +44 28 902 47940

Email: info@NERInstitute.net
Web: www.NERInstitute.net