

ANNUAL REPORT 2013

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The Economic Research Institute was established in 1960 by a group of senior academics and public servants, led by Dr T.K. Whitaker. He identified the need for independent research to support economic policymaking in Ireland, and persuaded the Ford Foundation to provide seed funding for its establishment. The statistician, Dr R.C. Geary was appointed as its first Director.

Over 50 years later, the Institute's importance in providing authoritative research to inform public policy is widely recognised. This public good role is supported by an annual grant-in-aid from the Department of Public Expenditure and Reform; the grant has accounted for an average of 30 per cent of the Institute's income over the lifetime of the last *Research Strategy*. Most of the remaining funds needed to support the research of the ESRI comes from research programmes in partnership with government agencies and departments, commissioned research projects mostly by public bodies and competitive research programmes (e.g. EU Framework programmes, Irish Research Council, Health Research Board, Science Foundation Ireland). Membership subscriptions, subscriptions to the *Quarterly Economic Commentary* and philanthropic gifts also contribute to the Institute's income.

The ESRI is a company limited by guarantee, answerable to its Members and governed by a Council made up of interested individuals drawn from the academic, public and private sectors. The Institute's constitution stresses its independence, and the practice is to publish all research that reaches an appropriate academic standard.

Further information is available at www.esri.ie



The Council is the Institute's overall governing body and acts as its Board of Directors. In association with the Director and staff, it develops the Institute's programme of research. The Council meets quarterly as do its three sub-committees: Audit & Risk, Business & Operations, and Governance & Nominations. Section 9 provides a short biography of Council Members.

The Council

MEMBERS AT 31 DECEMBER 2013*



Mr L. Crowley
Chairman



Mr P. McManus
President



Prof. F. Ruane
Director

MR L. CROWLEY, Chairman

PROFESSOR F. RUANE, *Director*

PROFESSOR V. BOROOAH, University of Ulster

MR J. BUCKLEY, former Comptroller and Auditor General

MS E. GILVARRY, Partner, Mason Hayes Curran*

PROFESSOR P. HONOHAN, Governor, Central Bank of Ireland

MR P. JOHNSON, Director, Institute for Fiscal Studies, London

MR M. KELLY, former Chairman, Higher Education Authority

PROFESSOR P. LANE, Trinity College Dublin

PROFESSOR H. MCGEE, Royal College of Surgeons

MR. P. MCMANUS, Chairman of Eircom

MR D. MOLONEY, Department of Public Expenditure and Reform

MS B. O'BRIEN, Irish National Organisation of the Unemployed

MR G. O'HANLON, former Director General, Central Statistics Office

*joined the Council in February 2014



Annual Report of the Council

for the year ended 31 December 2013

Contents

COUNCIL MEMBERSHIP	i
1. INTRODUCTION	1
2. SUMMARY OF STRATEGIC ACHIEVEMENTS (2008-2013)	4
3. RESEARCH STRATEGY 2014-2018	7
4. RESEARCH IN 2013	9
1. Macroeconomics.....	10
2. Internationalisation and Competitiveness.....	11
3. Energy and Environment.....	12
4. Communications and Transport.....	13
5. Labour Markets and Skills	14
6. Migration, Integration and Demography	15
7. Education	16
8. Taxation, Welfare and Pensions.....	17
9. Social Inclusion and Equality.....	18
10. Health and Quality of Life	19
11. Children and Young People.....	20
12. Behavioural Economics	21
5. NATIONAL STUDY OF CHILDREN (<i>GROWING UP IN IRELAND</i>)	22
6. NATIONAL HEALTH DATA PROGRAMMES	24
7. RESEARCH AREA COORDINATORS	26
8. STAFF AT 31/12/2013	28
9. ESRI COUNCIL – BIOGRAPHICAL INFORMATION	29

1. INTRODUCTION

The Institute's mission is to produce research that contributes to understanding economic and social change and that informs public policymaking and civil society. The Council oversees the Institute's strategic direction, ensures that research is relevant to current economic and social issues and sets the required quality standards. While the Council is responsible for internal governance, Council members play no role in preparing or commenting on specific research.

This Introduction sets out the Council's views on how the Institute will maintain its reputation as a centre for excellence in independent policy-focused research, in the face of new funding challenges. It also includes a brief overview of the Institute's governance and its research output in 2013, the final year of its research strategy 2008-2013. Section 2 provides a summary of the main achievements over the six years of the strategy, with a particular focus on 2013. Section 3 outlines briefly the new research strategy developed in 2013 to cover the period 2014-2018. Section 4 provides highlights of research in 2013 and summaries of research in each programme area. Section 5 lists the Research Area Coordinators at 31 December 2013 and provide a list of all staff, 60+ of whom are engaged primarily in research with a further 20+ engaged both in data analysis and in administering the *Growing up in Ireland* survey.

Independence and Funding

In preparing the Institute's new strategy (Section 3), the Council has reaffirmed the importance of the ESRI's commitment to producing research that is independent and objective. Independence is assured by the contractual relationships between the Institute and its clients and underpinned by the policy of publishing research, regardless of the findings or source of funding. Quality and independence are further supported by a rigorous peer review system.

New challenges have emerged for the Institute arising from the transfer of staff in the Health Research and Information Division to the new Healthcare Pricing Office with effect from January 1, 2014. This Division has been part of the Institute for over two decades and the unexpected announcement of its transfer will reduce the scale of the Institute's activities significantly; in 2013 it accounted for over 20 percent of ESRI staff members and 25 per cent of total revenue. The impact of the transfer is moderated in 2014 but will be fully realised in 2015.

While encouraging the Institute to broaden its funding base to address the impact of this major change, the Council is determined that this must be done without compromising the Institute's independence of both government and of interest groups. The Council acknowledges the importance of the continued support from government in the form of grant-in-aid, which comes from the Department of Public Expenditure and Reform. It also recognises the significant contribution of many government departments and agencies which funded research programmes in 2013. The Council believes that the development of multi-year funding

programmes with agencies and departments is key to the Institute producing research of high quality and relevance. Consequently it has put this approach at the centre of the new research strategy (see Section 3).

The Council also recognises the contributions of individuals and companies that are subscribing ESRI members. These membership subscriptions support the work of the Institute and contribute to ensuring the Institute's independence.

Council Governance

The Council of the ESRI is conscious that the Institute, along with all public bodies, must operate to the highest standards of governance. This commitment to high standards is reflected in its following best practice in relation to all aspects of its activities. There is a high level of awareness in relation to possible conflicts of interest where they can arise. Council membership is for a three year period, with a renewal being common for a further three years. Council members are not paid any fees for their membership of the Council. Members are nominated through a formal process and elected at the Institute's AGM. The Council's Governance and Nominations committee monitors the membership to ensure that there is a satisfactory balance reflecting requisite skills, sectoral coverage and gender.

In 2013 Laurence Crowley continued his three-year term as Chairman of the Institute. The membership of the Audit and Risk Committee was renewed, and the current members are: Pdraig McManus (Chair), John Buckley and Michael Kelly. A new Business and Operations Committee was established with current Council members: Gerry O'Hanlon (Chair), Brid O'Brien, and Vani Borooah. The membership of the Governance and Nominations Committee is: Hannah McGee (Chair); Patrick Honohan, Philip Lane and Frances Ruane.

Financial Outturn for 2013

The Council had budgeted for a modest surplus at end 2013. The actual financial outturn was better than had been expected due to reduced costs (a reduction in certain employer pension costs associated with the *Single Public Service Pension Scheme*; lower interest rate charges) and increased income (additional projects in the final quarter). However, the Council is very conscious of the impact on the Institute's finances of the transfer of staff to the new Healthcare Pricing Office in 2015. This will require major adjustments in the scale and composition of the Institute's activities in order that the Institute remain sustainable.

Research Outputs in 2013

The Council noted the continuing progress of the Institute in relation to its research publications in 2013. During the year researchers produced 58 journal articles, 26 book chapters and 36

reports, in addition to 13 Research Notes and 2 Special Articles published with the *Quarterly Economic Commentaries*. Summaries of research published in international journals were featured in 13 Research Bulletins and work in progress was disseminated in 25 ESRI Working Papers. As part of the Irish Presidency of the European Union, the Institute organised a range of conferences on topics including macroeconomics, globalisation and migration.

The Council was delighted to see the publication of *Using Evidence to inform Policy* in 2013 by Gill & Macmillan. The book demonstrates the way in which research evidence across diverse areas can be used to assist policymakers in many different parts of the policy process. Its launch by the Taoiseach on 28 November demonstrated just how widely the work of the Institute relates to the spectrum of government policy in Ireland.

People

In 2013, members of the Council were saddened to learn of the deaths of three figures who made major contributions to the Institute's development. The first is Dr Kieran Kennedy, who was Director of the Institute from 1971 to 1996. The second is Sir George Quigley, who was a member of the Council for 12 years and its President from 1999 to 2004. Their careers and roles in the Institute are acknowledged in the final pages of this report. The third is Mr John Roughan, who was ESRI Secretary and Assistant Director from 1980-2000. John managed the financial and administrative aspects of the Institute's work, including major involvement in fund-raising (through the ESRI Trust) and overseeing the modernization of many of the Institute's functions in the face of challenging funding. Friends will recall his sincerity and unfailing kindness.

Finally, the Council wishes to compliment staff members on their flexibility in adjusting their activities to respond to new demands, such as those emanating from the Troika, and to generating new sources of funding for the Institute. The Institute's funding model requires the strong commitment of staff, and their contribution continues to ensure the financial sustainability of the Institute.

Laurence Crowley
Chairman

Frances Ruane
Director

2. SUMMARY OF STRATEGIC ACHIEVEMENTS (2008-2013)

The ESRI *Research Strategy 2008-2013* set out the strategic priorities for the Institute to achieve a sustainable research agenda, based on Ireland's evolving research needs and the Institute's research expertise. Nine key institutional actions were identified to support this research agenda, and very significant progress has been made, with almost all of the strategic goals of the strategy being achieved despite the challenging financial environment, which reduced the Institute's capacity to undertake research on certain topics. The Institute's Council monitored the implementation of the plan on a twice-yearly basis. This section provides a brief outline of what has been achieved.

Action 1: Ensure Research Excellence

In ensuring Research Excellence, the Institute has had a steady flow of publications across all areas, combined with increased participation in, and organisation of, national and international research conferences. The policy relevance, independence, and high academic standards of the Institute's research were strongly endorsed by international peer review in 2010. Over the six years of the strategy researchers produced 352 journal articles, 84 book chapters and 248 reports, in addition to 17 Research Notes, 68 Research Bulletins, 14 Special Articles published with the *Quarterly Economic Commentaries*, and 11 Economic Renewal Papers.

Action 2: Enhance Research Collaborations

Research collaborations have been enhanced through the Institute's involvement in joint projects with researchers in many of the Irish universities including TCD, UCC, UCD, QUB, UL, NUIG and RCSI. These research projects have covered a wide range of areas, including energy, health, education, migration, labour markets and social inclusion. Additionally ESRI researchers have engaged with EU researchers through various European networks, such as AIECE, EuroSoc, Norface, etc.

The Institute's strategic alliance with Trinity College Dublin, signed in 2010, represents a very specific collaborative focus for the Institute. This is evident in the creation of the Centre for Longitudinal Studies in Ireland, major research projects in children, energy, health, education and migration, and contributions by ESRI staff to graduate teaching and supervision at TCD.

Action 3: Extend Programme-based Research

This objective proved to be one of the most challenging for the Institute, primarily because of the economic downturn, which limited the financial resources of government departments and agencies and shortened their time horizons. Despite this, the Institute has had success in creating new programmes in communications (COMReg and Dept of Communications, Energy & Natural Resources), macro modelling (Central Bank of Ireland), residential property (NAMA and Irish Bankers Federation), behavioural economics (Central Bank of Ireland, COMReg, National Consumer Agency, Commission for Energy Regulation), and consumer behaviour (KBC Bank).

Action 4: Increase Collaboration with Policymakers

Collaborations with policymakers have increased through closer policy engagements on some key topics. For example, the Institute worked closely with the Department of Health in preparing the research evidence to underpin the *Expert Group Report on Resource Allocation and Financing in the Irish health sector*, and with the HSE in detailed studies of the reform of the pharmaceutical sector. Researchers worked closely with the Higher Education Authority, SOLAS, the Department of Education and Skills and the NCCA in the preparing of major reports on Higher and Further Education in Ireland and on the reform of the Junior Cycle curriculum at second level. Labour market economists worked with the Department of Social Protection on the development of a profiling system to increase the effectiveness of labour-market activation strategies, while researchers in the energy and environment areas contributed papers designed to underpin the development of national policies in these areas.

The increased focus on collaborations was evidenced in a variety of ways: the increased number of policy conference organised by the Institute; the establishment of a new policy seminar series; the publication of research bulletins and research notes; and the publication of *Using Evidence to Inform Policy*, whose purpose is to show how evidence can be used in the policy process.

Action 5: Facilitate Knowledge Transfer to Government Departments and Agencies

At a time when the public service is under pressure, the Institute recognised the importance of transferring knowledge and skills from researchers to policymakers. This was done primarily through training and joint projects. Successful knowledge transfers included: labour-market forecasting to FAS (now SOLAS), tax simulation skills to economists and analysts in the Departments of Finance and Social Protection, and analytical skills for use of the anonymised micro data from the *Growing Up in Ireland* survey to analysts in a range of departments and agencies. The Institute is committed to supporting the development of the *Irish Government Economic and Evaluation Service*, and is engaged in exploring how best to build its skills base.

Action 6: Promote Effective Dissemination of Research

ESRI researchers engage actively in presenting research findings to different audiences in Ireland. This is carried out directly through presentations at policy conferences and seminars, which are attended by representatives of key stakeholder groups in the policy and business communities.

Researchers also reach the wider community through the traditional media, where they give media briefings, participate in TV and Radio broadcasts and write newspaper and magazine articles, and through social media, where the Institute has begun to promote its research and facilitate discussion through platforms like Twitter and LinkedIn. For example, in 2013, ESRI Researchers participated in over 70 media presentations/briefings and 165 TV/Radio briefings.

Action 7: Increase Access to Research Outputs

The ESRI website was developed to allow access to as much ESRI published material as is possible, and the vast majority of publications are now free-to-download through the website. A number of new publication styles have been produced, geared towards different audiences. Where research is published internationally, it is now the practice to release key results through *Research Bulletins*, which set the analysis and findings in an Irish policy context. The Institute's newsletter has been redesigned to better showcase the publications and events each month, and subscribers can now tailor the information they receive to their needs. The potential for wider dissemination through the website is currently being explored in a redevelopment of the website currently being planned.

Action 8: Develop Comprehensive Data Strategy

In line with the strategy, ESRI now bases its research primarily on micro-data from the CSO rather than its own surveys. Where specific surveys are needed, these are designed in-house and the fieldwork is outsourced to survey companies who operate to research quality standards as set by the Institute. The greater use of CSO data has enhanced research quality and researcher productivity. ESRI researchers are now major users of the CSO micro-data and are currently piloting remote access to data.

The Institute's survey expertise is now concentrated on the national children's longitudinal study *Growing up in Ireland*. The Institute has been successful in bringing to completion four waves of the survey and will complete the fifth wave in 2014. There is growing recognition of the potential impact of this project across a range of policy areas, but most especially in relation to the health and education of children where government plays such a major role.

Action 9: Secure Additional Resources to Underpin the New Research Agenda

The economic downturn had a significantly negative impact on the Institute's ability to garner additional funding to support its research agenda. However, despite a reduction in its grant-in-aid since 2008 and in funding for several long-standing research programmes, the Institute managed to make progress on all of its research objectives, including developments of new areas (competition & regulation, competitiveness & productivity). This has been achieved by improved business processes, success in winning new lines of funding, and some philanthropic funding, most notably from the FBD Trust. In the final year of the strategy, the Institute achieved considerable success in the launch of four new research programmes: the NAMA/IBF programme on housing; the PRICE Lab programme on behavioural economics; the HSA programme on health and safety in the workplace; and the Central Bank/ESRI macro-modelling. On the other hand, the decision by government in March 2013 to move the Health Research and Information Division to a new agency, the Healthcare Pricing Office, creates new challenges for the Institute in achieving financial sustainability.

3. RESEARCH STRATEGY 2014-2018

Implementation of the Institute’s Research Strategy will ensure that the Institute contributes evidence to inform policy debate and decision-making at this critical time for Ireland. It outlines the Institute’s priority actions for the next five years, building on the direction set in the 2008-2013 Strategy.

The Institute’s Mission, Vision, Goals and Values are summarised in Figure 1. They have been set by the Council in agreement with the research staff. They have been chosen to ensure that the Institute stays focused on its key role as a centre for excellence in policy-focused research in Ireland in the economic and social domains.



Figure 1: The Institute’s Mission, Vision, Goals and Values.

Our goals of *Research Excellence* and *Policy Impact* will be achieved by focussing on six sets of strategic actions related to our **Research Programmes**, to **Enhanced Collaborations** and to **Dissemination**, supported by actions in relation to Funding, Human Resources and Business Processes. The specific research projects undertaken will reflect the prevailing economic and social environment, the Institute’s skills base and the availability of funding. Among its strategic actions the Institute aims to secure new national and international sources of funding, to

develop its research infrastructure and extend its capacity for collaboration, as well as develop its communication strategy, and invest in strategic staff development.

Internally, the Institute organises itself across 12 research areas – these link to major policy areas and are reflected in the composition of research teams. The twelve **Research Areas**, in the new *Research Strategy*, are outlined in Figure 2 below. Within each Research Area, specific topics to be researched are listed. These topics are reviewed on an annual basis over the five-year lifetime of the strategy, and reflect:

- Specific current challenges facing Ireland and Europe (as identified by the Institute’s external stakeholders, researchers, and Council);
- Areas of research expertise and excellence within the Institute;
- Long-term funding opportunities; and
- Developments in methodologies and data sets.

1. Macroeconomics	7. Education
Macro modelling; Housing markets; SMEs; Household behaviour; Consumer sentiment.	Educational pathways; Schools and learning; Special education needs; Higher education.
2. Internationalisation and Competitiveness	8. Taxation, Welfare and Pensions
Trade; Foreign direct investment; Innovation; Productivity.	Tax and Welfare policy; Tax modelling.
3. Energy and Environment	9. Social Inclusion and Equality
Energy markets; Regulation; Renewable power; Environmental valuation; Climate policy.	Inequality; Discrimination; Social Disadvantage; Poverty.
4. Communications and Transport	10. Health and Quality of Life
e-commerce; Broadband; Infrastructure.	Access to Healthcare; Healthcare quality; Health inequalities; Health systems; Wellbeing; Working conditions.
5. Labour Markets and Skills	11. Children and Young People
Unemployment; Skills and training; Further education.	Childhood; Adolescence; Family.
6. Migration, Integration and Demography	12. Behavioural Economics
Immigration; Integration monitoring; Ageing.	Consumer decision-making.

Figure 2: Research Areas and Topics.

Implementation of the *Research Strategy* will be overseen by the Institute’s Council. This will be based on twice-yearly reports to the Business and Operations Committee, a sub-committee of the Council. The reports will cover the research agenda across the twelve research areas, as well as the implementation of the strategic actions.

Each year’s progress on the implementation of the actions and the specific focus of research projects will be reported publicly via the Institute’s *Annual Report*, together with any new actions that are agreed by the Council in response to the changing financial or policy environment.

A copy of the new *Research Strategy 2014-2018* can be downloaded at: www.esri.ie/strategy.

4. RESEARCH IN 2013

The Council noted that much of the Institute's research in 2013 related to issues at the centre of in public discussion in the final year of the Troika programme. The key highlights were

- **A new *Medium-Term Review***, completed in July 2013, identified the extent to which Ireland's economic recovery depends both on growth in its major trading partners (particularly in the Euro area) and on the appropriate choice of domestic policies.
- **Research on small- and medium-sized enterprises (SMEs)** focused on access to finance and the effect of credit constraints on SME employment and investment.
- **New energy research** found that Irish house buyers and renters were willing to pay a premium for more energy efficient homes.
- **Education researchers** found that broadband roll-out to schools was positively associated with higher test scores.
- **Communications researchers** measured the extent to which higher impact fees set by local authorities reduced investment in broadband infrastructure.
- **Labour market researchers** made extensive use of longitudinal administrative data from the Department of Social Protection to develop new profiling systems designed to increase the effectiveness of labour market activation policies.
- **Migration researchers**, using new data on older people, found that older return migrants suffered higher levels of loneliness and isolation than their equivalents who had never left Ireland.
- **New research on taxation and welfare**, using the ESRI *SWITCH* model, found that the greatest losses associated with the Great Recession were concentrated in the bottom and top deciles.
- **Research on welfare policy** found that Irish social transfers have (in a comparative EU context) been highly effective in alleviating poverty.
- Other **research on taxation** identified the danger of adopting the OECD approach (based on GDP measures) to compare Ireland's income tax system with other EU states. That measure suggests that Irish income tax rates are the lowest in the EU whereas, correctly measured, they are closer to the lower middle in the EU.
- **Health researchers** engaged in major studies of the cost effectiveness of different types of palliative care and treatments for patients who have suffered strokes.
- The Institute participated in a major European study which looked at how Ireland has managed the **delivery of health services** with significantly reduced budgets since 2008.
- Research, based on the ***Growing Up in Ireland*** data, has identified the key early life factors explaining variations in childhood obesity, now considered a major health risk for Ireland.

In the following pages, we outline briefly the work undertaken in each of the research areas in 2013. Further details on research activities are published on the website (www.esri.ie) in the *Review of Research 2013*.

1. *Macroeconomics*

A major feature of macroeconomic research at the ESRI is the development and maintenance of a suite of economic models. These models are used extensively in a range of studies on medium-term macroeconomic forecasting and policy analysis and also to inform research on other aspects of the economy, such as energy demand, environmental impact, skills needs, and housing demand. The ESRI is currently working with the **Central Bank of Ireland** on developing new models to meet the changing needs of policymakers.

Recent research has focused on the macroeconomic consequences of the crisis for the Irish economy and possible paths to recovery. This has informed the Institute's *Medium-Term Review*, which was released in July. It has shown clearly the extent of Ireland's dependence on growth in its major trading partners for its own economic recovery. Research on short-term issues, released via the *Quarterly Economic Commentary*, has identified the conflict between indicators in relation to economic recovery.

The ESRI's continuing work on measuring and understanding the role of fiscal policy in Ireland has pointed to the importance of sticking to medium-term fiscal plans. The *HERMES* model of the Irish economy was used to estimate the multiplier effects of different types of taxation, suggesting that taxes on property and carbon would be less damaging to employment than taxes on labour. Analysis using this model fed into policy work in the **Department of Finance**, **Sustainable Energy Authority of Ireland (SEAI)**, and the **Department of the Environment**.

The evolution of the housing market in recent years has been a key feature of the current crisis. A research programme commenced in 2013, funded by **National Asset Management Agency** and **Irish Bankers Federation**, looking at factors driving the housing market. Using the ESRI demographic model, this research is exploring: the implications of demographic change and economic recovery for housing demand; the interaction of demand for credit with the housing market; and regional differences in housing needs.

ESRI research on the broader EU economy, undertaken in collaboration with colleagues in EUROFRAME, provided a forecast for the Euro area economy early in 2013, *Economic Assessment of the Euro Area: Winter 2012/13 Report*. This research showed the serious negative impact on growth of the pro-cyclical policies pursued in the Euro area in 2012 and 2013. The results of research into the dynamics of economic adjustment in the Euro area were published early in the year, showing that adjustment in the current account typically occurs before adjustment in government borrowing.

Finally, research began in 2013 exploring the microeconomics underpinning macroeconomic adjustments, using data on households and small and medium enterprises. This research will contribute to understanding the process of recovery in the economy, and the barriers to recovery arising from the limitations of access to finance on households and businesses.

2. Internationalisation and Competitiveness

Researchers in this area focus primarily on the key factors and policies underlying Ireland's competitiveness and economic growth in the context of increased global interdependencies. Specifically, researchers investigate the links between economic internationalisation, technological change, innovation, productivity, and employment growth using micro-data sets. In 2013 the research addressed three themes:

(a) Internationalisation of Services, Innovation, Productivity and Employment Growth. This research was part of a multi-year international project (**SERVICEGAP**) funded under the **EU RTD 7th Framework Programme**. In 2013 it analysed the following policy relevant questions: (i) the effects of internationalisation of services on enterprise innovation, productivity and employment growth; (ii) the effects of foreign investment on enterprise productivity across countries; and (iii) the determinants of enterprise engagement in international outsourcing. The research provided novel empirical evidence from Ireland and other European Union countries on the extent of the internationalisation of services and its effects on enterprise innovation, productivity and employment growth. In addition, it uncovered similarities and differences among manufacturing enterprises. This empirical evidence is contributing to the knowledge base for designing policies in the context of Europe 2020, the European Union's *Strategy for Smart, Sustainable and Inclusive Growth*.

(b) Access to External Financing and Enterprise Growth. Research started in 2013 on a study commissioned by the **European Commission's Directorate General Enterprise and Industry**. This research provides empirical evidence on the nature, extent and causes of financial constraints faced by enterprises in the European Union during the recent financial crisis, as well as their impact on enterprise growth. Specifically, it examines how the recent financial crisis has affected the behaviour and performance of enterprises with different degrees of financial dependence, in particular with respect to investment, employment, productivity and export performance. This evidence will inform strategy and policies to assist enterprises in EU countries in obtaining access to external finance, and support growth by addressing financial market imperfections.

(c) Drivers of SMEs Internationalisation: Implications for Enterprise Growth and Competitiveness. Research started in 2013 for this study commissioned by the European Commission's Directorate General Enterprise and Industry. Its objective is to provide empirical evidence on the degree and modes of internationalisation of SMEs in the European Union and the link between international activities and enterprise growth. The study examines: (i) the determinants of outward internationalisation choices of SMEs including exporting, foreign direct investment and international outsourcing; (ii) the relationship between the different outward internationalisation modes; and (iii) the patterns of exporting by SMEs in Ireland by their principal export product and destination markets. This evidence will inform policies to assist enterprises in Ireland and the European Union countries to improve their internationalisation and growth strategies.

3. *Energy and Environment*

ESRI research on Energy and Environment focuses particularly on energy and climate policy issues. A significant proportion of the research is financed through multi-annual research programmes such as the ESRI's Energy Policy Research Centre (EPRC), which is funded by the **Department of Communications, Energy and Natural Resources, ESB, Bord Gáis Éireann (BGE), Eirgrid, Viridian** and the **Commission for Energy Regulation**. Research is also undertaken through the Sustainable Electrical Energy Systems Research Cluster in collaboration with UCD, TCD, UL and NUIM, funded by **Science Foundation Ireland** and the *Electricity Research Centre Grid Integration of Renewables, Distributed Generation and Flexible Demand (ERCGI)* project funded by the **Programme for Research in Third-Level Institutions**. The ESRI also collaborates with UCC on a number of projects funded by the **Department of Environment, Community and Local Government, Sustainable Energy Authority of Ireland (SEAI)** and the **Environmental Protection Agency (EPA)**.

During 2013 the EPRC research on the implications of deploying renewable energy in the Irish electricity system found that increased wind capacity is correlated with lower electricity prices and that increasing installed wind capacity will lower profitability in thermal plants, particularly for baseload gas plants, compared to smaller less flexible coal-fuelled plants. Other research on the potential for segmentation of the retail electricity market showed that smart metering will not provide any additional information to enable electricity supply companies to segment customer groupings by profitability.

The value of domestic building energy efficiency was examined in the context of its effect on property prices and household energy expenditures. House buyers are willing to pay an energy efficiency price premium, with A-rated properties receiving a price premium of 9 per cent compared to D-rated properties. Furthermore, households living in F-rated properties spend in excess of €400 more per annum on light and heat than B-rated properties. Related research on fuel poverty developed a set of indicators to help identify a dwelling's likely Building Energy Rating and the likelihood that the family within that dwelling is living in fuel poverty.

Specific research on carbon capture and storage technology found that investment is likely to be postponed indefinitely given the volatility in carbon prices in the EU. In contrast, investment is much more likely to occur in the short term following the UK government's policy of a carbon price floor, which effectively eliminates carbon price uncertainty. Carbon leakage to Ireland is likely under the carbon price floor, with emissions in the Republic of Ireland projected to increase by 8 per cent and electricity prices by 2.4 per cent in 2016.

Other research investigated the distributional effects on consumers of energy and environmental policies, such as the Public Service Obligation (PSO) levy. The PSO has been shown to be a regressive tax and the Household Benefits Package was found to be a sub-optimal welfare measure for supporting lower income households.

4. *Communications and Transport*

Communications: The programme of research in this area is supported by the **Department of Communications, Energy and Natural Resources** and the **Commission for Communications Regulation**. In 2013 its research explored: the effects of broadband in schools; the benefits and costs of regulatory measures for electronic communications, and modelling the market for broadband services.

In collaboration with colleagues engaged in Education research (see Area 7), the socio-economic influences on use of the internet by 9 year old children in Ireland, based on *Growing Up in Ireland* data, were examined. These researchers also began a new evaluation of the 100 Mb/s Broadband for Post-primary Schools Programme with assistance and advice from the Department of Communications, Energy and Natural Resources (DCENR), Professional Development Service for Teachers (PDST), Ireland's National Education & Research Network (HEAnet) and the Department of Education and Skills (DES). This experiment should make it possible to isolate the effects of high-speed broadband access in schools on aspects of teaching and learning.

The research programme included the development of a new method for estimating the economic cost of telecoms network outages; this was applied to hypothetical outages of Ireland's main fixed line telecoms network and local outages affecting particular exchanges. Other research showed that aspects of local planning regulation and the level of impact fees can affect the deployment of telecoms infrastructure. In particular, setting impact fees too high can deter network operators from improving the quality of mobile telephony and data services.

Research into choice, price and service characteristics in the Irish broadband market, using data from **ComReg's** Callcosts.ie comparison website, found modest county-level variation in services and indicated that the implied value of advertised download speed decreased as the speed level increased, with little value placed upon speeds above about 60 Mb/s.

Transport: Research on travel mode choice for a range of journey purposes highlighted the attachment to the car as a mode of transport in Ireland for non-commuting journeys when it is available, and especially when used regularly for work journeys. Importantly, the determinants of mode choice are found to differ across journey purposes suggesting that it is not valid to generalise the results from studies considering only one journey purpose.

As part of a large EU project, ongoing research is estimating the potential trade and derived shipping implications of the reduction in sea ice in the Arctic that make shipping using the North-East and North-West passages feasible. These routes are considerably shorter for shipping from East Asia to Europe and thus have the potential to reduce transport costs and shipping times in future years.

In other ongoing research, model inputs for the National Roads Authority (NRA) national transport model are being produced. These cover small scale demographic and employment projections.

5. *Labour Markets and Skills*

During 2013, research focused on long-term unemployment, youth unemployment and young people not in employment, education or training (NEETS). In addition, a major research project began on the structure of Further Education and Training (FET) provision in Ireland. Researchers have also been involved in providing regular reports on Ireland's labour market progress to the European Commission.

The research on long-term unemployment was centred on a study commissioned by the **Department for Social Protection** (DSP) aimed at providing profiling scores for individuals who entered the Live Register in the period prior to the government rolling out its statistical profiling tool, known as the Probability of Exit (PEX) model. Such individuals would not otherwise be profiled under current arrangements. Unlike the previous ESRI profiling study which used a combination of administrative and survey data to develop the PEX model, this study utilised administrative data only. The model developed in the study is now being used by the DSP to compute a labour market disadvantage (LMD) score, which assesses the probability that a long-term claimant should have already exited the Live Register given their characteristics.

Research on youth unemployment and NEETS was facilitated by funding from the **OECD** in Paris and the **Centre for Economic Policy Studies** (CEPS) in Brussels. The former study, carried out in conjunction with OECD colleagues, exploited the longitudinal component of the *Quarterly National Household Survey (QNHS)* to examine the labour market behaviour of youth unemployed pre- and post-recession. The latter study also used the *QNHS* to examine the labour market behaviour of individuals who are NEETs both pre and post the recession. Among other things, the work highlights the increased importance of formal qualifications for re-integrating NEET individuals into the labour market post recession.

The research on Further Education and Training (FET) followed the commissioning of the ESRI by **FÁS** to assist it in the development of a five-year strategic plan for **SOLAS**. **SOLAS** is the new Further Education and Training Authority in Ireland. It is responsible for funding, planning and co-ordinating training and further education programmes. In 2013, the research (undertaken in collaboration with researchers in the Education area (see Area 7)) focused on issues such as the structure and determinants of current FET provision, rates of accreditation among FET participants and the degree of symmetry between the composition of FET provision and the requirements of the labour market. In addition to the desk-based research, the ESRI have also conducted a series of key informant interviews and assisted SOLAS in the organisation of a series of workshops to discuss the future of FET provision in Ireland. The work in this area is on target for completion in early 2014.

6. *Migration, Integration and Demography*

Research in this area was conducted under three broad programmes. Research monitoring migrant integration in Ireland, funded by **The Integration Centre**, compared Irish and non-Irish nationals in terms of employment, education, social inclusion and active citizenship. It explored the changing Irish attitudes to immigrants and to immigration using data from 5 waves of the *European Social Survey* (2002-2010). The analysis shows significant changes in Irish attitudes, with attitudes becoming more positive until 2006 and then more negative in 2008 and then again in 2010. The evidence suggests that the rapid rise in immigration, followed by a deep economic recession may have contributed to a rise in concerns about immigration. The Integration Monitor documented the rapid rise in citizenship acquisitions among migrants: since 2005, 34,500 adults of non-EEA origin have acquired Irish citizenship.

The ESRI acts as the national contact point for the European Migration Network (EMN), which is funded by the **European Commission** and the **Department of Justice and Equality**. Research during the year covered topics such as international protection, the movement of third-country nationals between EU states and the approaches taken by countries to facilitate the immigration of highly skilled people. One important finding from the work on highly skilled people is that policy in Ireland has continued to enable immigrants with high skills to enter the country for work purposes, despite high levels of unemployment. This is in recognition of the fact that skills shortages still exist in areas such as IT and engineering. Conferences organised as part of the activities of the EMN discussed migration in the context of the global economic downturn and the issue of trafficking. The latter drew attention to the difficulties of identifying victims and the methods used in other jurisdictions to tackle this crime.

ESRI researchers used data from **The Irish Longitudinal Study on Ageing** (TILDA) in 2013 to explore migration and demographic issues. One strand of this research looked at return migrants among Ireland's older population. The research showed how many of the return migrants had suffered difficult conditions both before they left and during their time away. It also showed that returning to Ireland presented difficulties and that the return migrants showed higher levels of loneliness and social isolation compared to other who had lived in Ireland throughout their lives. The strand on demography using TILDA data found that peoples' expected ages of retirement seemed to have been affected by the recession, with fewer people expecting to retire at 65.

7. Education

ESRI research on education covers all levels of the Irish educational system, including early childhood education, primary, second-level, further and higher education. Research in 2013 focused on school funding and governance, special educational needs, the use of ICT in education and post-school education and training.

A major research project on funding and governance among the different second-level school sectors identified the need for greater transparency in school funding models in Ireland. The research, supported by **The Educena Foundation**, also showed the reliance of many schools on parental voluntary contributions to cover day-to-day running costs.

Funded by the **Ombudsman for Children**, new research on the educational experiences of children in care highlighted the need for systematically collecting data on the educational outcomes of this group, inter-agency coordination, and the importance of listening to the voice of young people themselves.

Work continued on a major longitudinal study of special class provision in primary and second-level schools. Funded by the **National Council for Special Education (NCSE)**, this study yields valuable insights into the nature of provision for students with special educational needs across different school settings. Findings from the first phase of this research will be published in 2014.

In collaboration with researchers in the communications area (see Research Area 4), the education team began a new study on school broadband provision. Spanning nearly 500 second-level schools, the research will examine school, teacher and student experiences of ICT in teaching and learning before and following the introduction of high-speed broadband services. Taking account of a range of school characteristics, the research assesses the role of ICT and the internet in classroom practice, teachers' skills and confidence around ICT, school ethos and policy, and student engagement and learning styles.

During 2013, work continued on the *Leaving School in Ireland* study, which will provide important insights into the factors influencing post-school pathways as well as on the experience of transition to further and higher education. In collaboration with researchers in the labour market area (see Research Area 5), research was begun on the nature of further education and training (FET) provision as an evidence base for the development of a FET strategy by **SOLAS**. Education researchers have contributed to a new *Advanced Quantitative Methods Network (AQMeN)*, funded by the UK **Economic and Social Research Council**, which involves comparative research on entry to, and progression within, higher education.

Education researchers were actively involved in analysing *Growing Up in Ireland* data, with a major conference on children's engagement in education held in May 2013. This conference covered a range of topics, including gender differences in school engagement, the educational experiences of children with special educational needs and the impact of school social mix on learning outcomes.

8. *Taxation, Welfare and Pensions*

During 2013, research on **Taxation, Welfare and Pensions** has focused on: the structure of marginal income tax rates; the distributive implications of policy responses to the crisis; changes in income distribution over the recession.

The ESRI's tax-benefit model, *SWITCH*, supported by funding from the **Department of Social Protection**, was used to monitor the distributive impact of Budget 2014, and of the series of budgets from October 2008 up to and including October 2013. The new analysis took into account several aspects of policy which could not previously have been included – such as the impact of DIRT tax increases, increases in Capital Gains Tax, VAT and carbon tax increases, and the abolition of the social welfare Christmas bonus in 2009. Over the full 2009 to 2014 period, the greatest policy-induced losses have been at the upper end of the income distribution, and the next greatest losses were at the lower end.

An examination of the overall distributional consequences of the “Great Recession” in Ireland found that the greatest losses were strongly concentrated on the bottom and top deciles. Tax, welfare and public sector pay changes over the 2008 to 2013 period gave rise to slightly lower-than-average losses for the bottom decile. Thus, the larger than average losses observed overall by that decile are not due to these policy changes. Policy changes do contribute to the larger-than-average losses at high income levels.

Research on the level and structure of Irish income taxes in an international context showed that standard GDP-based figures are misleading, as GDP is not a good measure of the Irish tax base. While these GDP measures suggest that Ireland's taxes are the lowest in the EU by a considerable margin, when a more appropriate measure of taxable capacity is constructed, it emerges that Ireland has a moderately low ratio of tax-to-taxable capacity, somewhat below the UK, but well above that of Spain, Greece and Portugal.

Much of the gap between the tax to national income ratio in Ireland and in countries such as Germany, the Netherlands, Austria, France and the Nordic countries is due to income-related taxes. The research showed that if Irish income taxes were to approach European levels, it is likely that marginal tax rates in low to middle income ranges would have to rise. Higher marginal tax rates on these income ranges would then raise extra revenue not just from those at such income levels, but also from those at higher income levels. Changes to top tax rates at very high income levels would have little impact on the gap in income-related taxes collected in Ireland and in most European countries.

In collaboration with researchers in Social Inclusion and Equality, the *SWITCH* model was also used to examine the gender impact assessment of tax and benefit policies (see Research Area 9).

9. *Social Inclusion and Equality*

ESRI research on social inclusion and equality investigates factors influencing people's capacity to participate in economic and social life (linked to access to adequate material and other resources) and the processes that lead to inequalities in opportunities and outcomes.

During 2013 research commenced on two projects investigating the impact of recession in Ireland on equality, co-funded by the **Equality Authority** and by the **European Union Programme for Employment and Social Solidarity PROGRESS (2007-2013)**. One project, '*Winners and Losers?*' investigates the impact of recession on key labour market and poverty outcomes with respect to six equality grounds: gender, nationality, age, disability, marital and family status, using *QNHS* data (for labour market outcomes) and *EU-SILC* data (for poverty and deprivation). The second project, *Gender and the Quality of Work*, examines whether there has been convergence or polarisation in employment conditions between men and women from boom to bust in Ireland. It considers a broad range of outcomes – from gender differences in overall employment and unemployment rates to hours of work, pay, job control and work pressure. Research results will be published in early 2014.

Research commissioned by the **Equality Authority** continued on the first systematic gender impact assessment of tax and benefit policies using *SWITCH*, the ESRI tax-benefit model (see Research Area 8). The analysis examines the differential impact of policy changes for men and women over the full period of the "Great Recession", and will be published in early 2014.

During 2013, three research projects funded by the **Department of Social Protection** drew on data from the annual *CSO Survey on Income and Living Conditions (EU-SILC)* to examine the role of social transfers (including State and occupational pensions, child benefit and other social welfare payments) in alleviating poverty, the impact of the recession on financial stress, and the pooling and sharing of resources within households.

Among the key research findings were that 87 per cent of Irish households receive some income from social transfers and that social transfers close 88 per cent of the gap between the poverty line and income from work or other market sources. The effectiveness of Irish social transfers in alleviating poverty compares very favourably to that in other EU countries. The research found that parents and people living with a spouse or partner shared more of their income for household use. Grown-up children living at home were least likely to share their income for the use of other household members.

Other ongoing research projects relating to social inclusion and equality included projects funded by the **National Disability Authority** on people with mental health disability and on children with a disability, which will be published in 2014. ESRI researchers also provided advice to the **Department of the Environment, Community and Local Government** on water affordability in advance of the introduction of water charges.

10. *Health and Quality of Life*

Key themes in ESRI health research include

(i) examination of the pattern of variation in health and well-being across the population and in particular, the manner in which this is related to social and economic position and (ii) analyses of the structure and functioning of the Irish health care system and its implications for the quality of individual care, economic efficiency and sustainability, and the equity of health care utilisation.

Research in 2013 focused on: child development and well-being; risk of caesarean section; obesity and maternal health behaviours; trends in socio-economic mortality differentials; prescribing and pharmaceutical pricing in Ireland in comparative perspective; and the economic evaluation of stroke rehabilitation and palliative care.

Population obesity has recently emerged as a serious concern in Ireland. Research using data from *Growing up in Ireland* examined the early life factors explaining variation in obesity risk and the interaction between pregnancy and obesity risk in adult women.

Research on pharmaceuticals, funded by the **Health Services Executive**, assessed the level of prices, the usage of generics, and the prescribing practices of medical practitioners in Ireland in comparison with other EU Member States and OECD countries. Economic evaluations of palliative care and stroke rehabilitation in Ireland, funded respectively by **The Atlantic Philanthropies** and **The Irish Heart Foundation**, examined evidence on the costs and effectiveness of alternative models of care (see also section on **Commissioned National Health Data Programmes HIPE/NPRS**). The work provided evidence on variation in the cost and outcomes of care and how this varied with type of treatment and the organisation of services.

Within the quality of life theme, research focused on four main topics: Health, safety and well-being at work; Work-life balance; Subjective well-being and social solidarity; Participation in sports and physical activity.

Work commenced on a research programme on Health, Safety and Well-being at Work, funded by **Health and Safety Authority**. Initial research will address trends and patterns of occupational injury and illness over the boom and bust period in the Irish economy. Work also began on a research project for the **European Foundation** to investigate whether countries could be grouped according to social, economic and political regime in a manner that is informative for the study of quality of life in Europe.

Two further comparative studies on quality of life and work were completed. One dealt with the impact of the economic crisis in Europe on subjective well-being while the other analysed changes between 2004 and 2010 in the European experience of work-family conflict.

Research commissioned by the **Irish Sports Council** highlighted important issues relating to participation in sport and exercise among children and adults in Ireland, including information about the patterns of drop-out across the life course.

11. *Children and Young People*

Most of the work in this research area is based on data from the *Growing Up in Ireland (GUI)* study, which is funded by the **Department of Children and Youth Affairs**. Research in 2013 generated new findings in three key outcome areas:

- (i) Educational achievement and cognitive capacity: uptake of the free pre-school year; five-year-olds' transition and initial adjustment to school and persistent absenteeism among older primary school children.
- (ii) Socio-emotional and behavioural well-being: parent-child relationships in early childhood and the emotional well-being of children and young people.
- (iii) Physical health, growth and development: the effects of breastfeeding on neuro-development in infancy.

A common finding across different research projects was that outcomes in one area of the child's life were related to outcomes in other areas, e.g., how health linked to educational or socio-emotional development.

Research on non-parental childcare found that, as in other countries, duration of paid maternity leave played a major role in mothers' employment patterns after childbirth. Early returners (before six months) were more likely to be self-employed, young or lone mothers, while later returners (eight and nine months) were likely to be more highly educated, older, Irish-born and living in two-parent families. Almost 40 per cent of nine-month-olds were in regular non-parental childcare. Relative care (predominantly grandparents) was the main form (42 per cent) followed by non-relative care/childminders (31 per cent) and centre-based care (e.g., crèches) coming third (27 per cent). Health risks were related to the type of care setting – there was an increased risk of respiratory tract, ear and gastro-intestinal infection for those in centre-based care.

Research on development from birth to three years of age examined various aspects of infant development, using the first two waves of *GUI* data. Overall, three-year-olds were found to be in good health. However, while there were no significant differences in their health status at birth, by the time the children were three years of age social gradients in health were emerging, with children from more disadvantaged backgrounds more likely to be reported as having somewhat poorer health.

A particular cause for concern was the high level of overweight and obesity among children as young as three years of age, being highest among children from more socially disadvantaged families. Relative to international trends, three-year-olds in Ireland were found to compare favourably in terms of behavioural problems, although boys and children from more disadvantaged families were more likely to be classified in the problematic range of behaviour. Girls were found to perform measurably better than boys on tests of cognitive ability. Strong social gradients in ability scores, particularly with respect to maternal education, were emerging by the time the child was three years of age.

12. Behavioural Economics

This new research area aims to exploit recent advances in behavioural economics to inform policy. Behavioural economics is influenced by experimental psychology and takes an inductive approach to economic research. It involves the repeated observation of economic behaviour, mostly through controlled experiments, in order to uncover the underlying principles of economic decision-making and behaviour. The method has the capacity to inform policy across a broad range of policy areas, although the initial focus of the programme has been the application to regulatory policy.

The priority in 2013 was the initial establishment of the *Programme of Research Investigating Consumer Evaluations (PRICE Lab)*, which is co-funded by the **Central Bank of Ireland, National Consumer Agency, Commission for Energy Regulation** and **ComReg**. The main research question for *PRICE Lab* is: “how complex do products have to be before consumers find it hard to make good choices?” The work involves designing and carrying out computerised experiments to be undertaken by groups of Dublin consumers. By mid-2013 *PRICE Lab* was up and running in a laboratory in the ESRI and the first experiments were being carried out.

By the end of the year, four experiments had been conducted. The results revealed the difficulty consumers have in valuing products with multiple attributes, and showed how the number rather than the nature of the attributes is what primarily determines how accurately consumers can value complex products. These results have potential implications for the regulation of markets with multi-attribute or “bundled” products, such as financial services, energy and telecommunications.

Research in behavioural economics concentrated on two other projects. First, a major review of how behavioural economics is informing regulatory policy in developed countries was commissioned by and completed for the **OECD**, and will be published as an OECD monograph. Second, work continued on the lessons of behavioural economics for the regulation of telecommunications markets, funded by **ComReg** (further details in the Communications Research Area 4). Finally, this research area received considerable interest during the year from several government departments and agencies. Workshops in behavioural economics and its potential lessons for policy were delivered to the Public Service Evaluation Network, the Commission for Energy Regulation’s working group on Smart Meters, the Department of Health and the Department of Social Protection.

5. NATIONAL STUDY OF CHILDREN (*GROWING UP IN IRELAND*)

Throughout 2013 work continued on *Growing Up in Ireland* – the national longitudinal study of children and young people. This programme is funded by the **Department of Children and Youth Affairs** in association with the **Department of Social Protection** and the **Central Statistics Office** and is being implemented by a consortium of researchers led by the ESRI and Trinity College Dublin.

Fieldwork for the third round of interviews with the children and their families in the Infant Cohort was carried out between March and October. The children themselves (at five years of age) directly participated in the interview process. This home-based phase of fieldwork was followed by interviews in the schools with each child's teacher and school principal. The school-based component of the work began in November and is scheduled to run until May 2014.

Analysis of the survey data by researchers, policymakers and others across Ireland was facilitated by the Study Team running eight data workshops during the year. These were very well attended by participants from researcher, policymaker and other stakeholder groups.

Three major reports from the project were launched in the course of 2013, by the Minister for Children and Youth Affairs, Frances Fitzgerald, T.D. A report on *Mothers' Return to Work and Childcare Choices in Ireland* examined a range of topics relating to the care of children; the extent and nature of non-parental childcare; and the association between childcare and infant health. A report on *Development from Birth to Three Years* focused on changes in the child's development across successive rounds of data collection. A report *Parenting and Infant Development* reviewed infants' development at 9 months of age and how this was related to parenting within families. This report also considered factors which are associated with parental sensitivity and stress.

In November, data from a time-use diary which was completed by the 9-year-olds in the Child Cohort were deposited in the national data archive.¹ These data (which can be linked to the core survey data from the 9-year-olds and their families) provide a unique insight into the everyday life of the children and offer the potential for new areas of research which were not previously possible in Ireland.

Three conferences and a symposium were held in the course of 2013. In May, the Minister for Education and Skills, Mr Ruairi Quinn T.D., opened a conference on *Children's Engagement in Education* at the ESRI. In September, an academic conference was held on *Bullying and Child Health*. Papers included a review of international trends in bullying and its relationship to ill-

¹ The Irish Social Science Data Archive (ISSDA).

health as well as the association between bullying and: chronic disease, socio-emotional difficulties, elevated Body Mass Index, and healthcare utilisation. A symposium on *Informing Policy through Research and Evidence – Examples from the Prevention & Early Intervention Initiative and Growing Up in Ireland* was also held in September. This symposium, opened by the Minister for Children and Youth Affairs, Frances Fitzgerald T.D., considered the translation of research on children and young people to policy and practice. Finally, the fifth *Growing Up in Ireland* Annual Research Conference was held on 27 November. At the conference the first findings from the home-based component of the Infant Cohort at 5 years of age were launched. The programme included 30 papers based on *Growing Up in Ireland's* Child and Infant Cohorts. They covered a range of topics on the growth and development of children and young people including their health, parenting, education and childcare. The keynote address, entitled *Assessing Child Poverty: measurement, comparisons, trends*, was delivered by Dr Jon O. Jonsson, Professor of Sociology at the Swedish Institute for Social Research, Stockholm University, and Director of the Swedish 'Level-of-Living' surveys.

6. NATIONAL HEALTH DATA PROGRAMMES

During 2013, the **Health Service Executive** funded the ESRI to manage and develop two national data bases collecting health information from administrative records.² During 2013 the Hospital In-Patient Enquiry Scheme (HIPE) Report for 2012 and the National Perinatal Reporting System (NPRS) Report for 2012 were published.

In addition to publishing reports, responsibilities for these data systems include development of the relevant software, training of all clinical coders nationally, regular updating of the national databases, facilitating access to the data and ensuring that data quality checks are applied and quality standards supported. In December 2013 a *Memorandum of Understanding* was signed with the ESRI and Dublin Institute of Technology accrediting the Health Research and Information Division's coder training programme. This will lead to the awarding of a NFQ Level 6 certificate to successful candidates.

In 2013, five updates to the national software for collecting and reporting on HIPE data were delivered, 1,366 IT support calls were processed and 49 national file updates released. A total of 66 training courses were delivered to 824 participants across a range of areas including clinical coding, quality review, and report development. In addition, almost 500 coding queries were processed. With regard to data quality initiatives, almost 24,000 checks were issued during the year. Targeted data quality initiatives were undertaken in collaboration with the HSE. As a response to the specific data requirements of a number of HSE clinical programmes, a dedicated data collection facility has been integrated into the HIPE Portal to meet the data needs of the programmes on stroke, cardiac care, heart failure and hip fracture. In 2013 two nursing KPI screens on falls and pressure ulcers were developed.

The development of the HIPE Online Portal (HOP) has been an important step towards ensuring that relevant users have easy, prompt and appropriate access to the national databases. With this facility, a secure remote desktop protocol allows authorised users access HIPE data and the HIPE Portal Reporter tools. All HIPE national files are now released via the HOP server and its fileserve module. As of December 2013, there were over 60 registered HOP users from various organisations including the HSE, National Casemix Programme, HIQA, and National Cancer Control Programme. In addition to the HOP, data can also be accessed via the HIPE online reporter. Three courses for HIPE Data Users covering all aspects of HIPE including data interpretation and the use of the software were held for 35 data users. In 2013, over 90 requests for HIPE or NPRS data were completed for users with specific requirements.

² This long-standing relationship with the HSE has changed with effect from January 2014, with the establishment of the Healthcare Pricing Office, which now incorporates the staff and activities in HIPE and NPRS.

Advancing the research potential of the HIPE and NPRS databases continued throughout the year with conference presentations and publications on a range of issues. A project for HIQA on the development of performance indicators for patient safety was completed in 2013 (see Page 46). A number of projects were advanced throughout 2013 including (i) an investigation of factors impacting on Caesarean Section Rates funded by the **Health Research Board**, and (ii) The Stroke Rehabilitation in Ireland project, funded by the **Irish Heart Foundation** (see Page 46). The latter submitted an Interim Report in August 2013 and will produce a Final Report in 2014. This collaborative project between the ESRI and the Royal College of Surgeons in Ireland has been extended to facilitate collaboration with the National University of Ireland in Galway and King's College London to model the cost effectiveness of existing and preferred pathways of rehabilitation for survivors of stroke in Ireland.

7. RESEARCH AREA COORDINATORS

- **Macroeconomics** (Professor John FitzGerald)



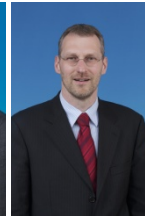
- **Internationalisation and Competitiveness** (Professor Iulia Siedschlag)



- **Energy and Environment** (Professor John Curtis and Professor Seán Lyons)



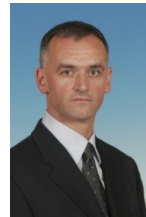
- **Communications and Transport** (Professor Seán Lyons and Professor Edgar Morgenroth)



- **Labour Markets and Skills** (Professor Seamus McGuinness)



- **Migration, Integration and Demography** (Professor Alan Barrett and Dr Frances McGinnity)



- **Education** (Professor Emer Smyth and Professor Selina McCoy)



- **Taxation, Welfare and Pensions** (Professor Tim Callan)



- **Social Inclusion and Equality** (Dr Frances McGinnity and Professor Dorothy Watson)



- **Health and Quality of Life** (Professor Richard Layte, Professor Miriam Wiley and Professor Helen Russell)



- **Children and Young People** (Professor James Williams)



- **Behavioural Economics** (Dr Pete Lunn)



8. STAFF AT 31/12/2013

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** On Secondment.

9. ESRI COUNCIL – BIOGRAPHICAL INFORMATION

Laurence Crowley – Chairman

Laurence Crowley was appointed to the Council in January 2007 and has been Chairman since November 2011. He also chairs the Middletown Centre for Autism, Ecocem Limited and Realex Payments, and is a member of the board of Aer Lingus, An Bord Gais Eireann, the Gate Theatre and several other companies. He previously served as Executive Chairman of the Michael Smurfit Graduate School of Business at UCD. He is a fellow of the Institute of Chartered Accountants in Ireland and holds an honorary Doctorate in Laws from the NUI. He was awarded an honorary CBE by Queen Elizabeth II for services to UK-Irish relations.

Vani Borooh, Emeritus Professor of Applied Economics, University of Ulster

Vani Borooh was appointed to the Council in September 2010. He has held the Chair in Applied Economics at the University of Ulster since 1987. Earlier in his career, he was a Senior Research Officer at the University of Cambridge's Department of Applied Economics and, concurrently, a Fellow of Queens' College. He is a past President of the European Public Choice Society and of the Irish Economic Association and currently Secretary of the Royal Irish Academy which elected him to membership in 2006. His research has been mainly in the areas of unemployment, inequality, poverty, and economic development.

John Buckley, former Comptroller and Auditor General

John Buckley was appointed to the Council in February 2013. He also serves on its Audit and Risk Committee. He is an accountant (ACCA) and a barrister. He has a degree in Psychology and an MSc in Management (Strategic Management). He previously served as Comptroller and Auditor General.

Emer Gilvarry, Chairperson, Mason Hayes & Curran

Emer Gilvarry was appointed to the Council in February 2014. She is Chairperson of Mason Hayes & Curran and a partner in the Litigation team. Her practice primarily involves dispute resolution in contentious partnership and shareholder issues. She specialises in project management and acts as a legal advisor to corporates and boards on governance issues as well as providing corporate compliance and due diligence support where needed. Emer is currently a member of the Advisory Board at UCD Michael Smurfit Graduate Business School, and lectures regularly at both UCD and the Law Society. She is a board member of The Ireland Funds and Aer Lingus.

Patrick Honohan, Governor, Central Bank of Ireland

Patrick Honohan was appointed to the Council in March 2006. Patrick was appointed Governor of the Central Bank of Ireland in September 2009, having previously held senior research positions at Trinity College Dublin, the World Bank and the ESRI. Earlier in his career he was Economic Advisor to Taoiseach, Garret Fitzgerald, and held positions as an economist at the Central Bank of Ireland and the International Monetary Fund. He also held teaching positions at

the University of California-San Diego, the Australian National University and University College Dublin. In recent years, his research has mainly focused on monetary and financial sector policy.

Paul Johnson, Director, Institute for Fiscal Studies, London

Paul Johnson was appointed to the Council in May 2012. Paul has been Director of the Institute for Fiscal Studies since January 2011, and is currently visiting professor in the department of economics at University College London. Paul's research area is the economics of public policy, particularly on income distribution, public finances, pensions, tax, social security, education and climate change. His earlier career has included spells at the IFS, HM Treasury, the Department for Education, the FSA and the Government Economic Service. Paul is currently a member of the executive committee of the Royal Economic Society. He was an editor of the "Mirrlees Review".

Michael Kelly, Director/Principal of Emperia Ltd., Corporate Governance Advisors

Michael Kelly was appointed to the Council in June 2000. Michael has been Director of Emperia Ltd since November 2011. He also serves on the board of SiRe Ltd, Arthritis Ireland, Royal College of Surgeons Ireland (RCSI) and Corporate Governance Association of Ireland (CGAI). Prior to becoming Director of Emperia Ltd., Michael was Chair of Higher Education Authority (HEA). He has also served as Secretary General for the Department of Health and Children and as Deputy Secretary in the Department of Justice.

Philip Lane, Professor of International Macroeconomics, Trinity College Dublin

Philip Lane was appointed to the Council in September 2010. He is Whately Professor of Political Economy at Trinity College Dublin. In addition, he is a managing editor of *Economic Policy* and research fellow of the Centre for Economic Policy Research (CEPR). His research interests include financial globalisation, the macroeconomics of exchange rates and capital flows, macroeconomic policy design, European Monetary Union, and the Irish economy. In 2001, he received the German Bernacer Award in Monetary Economics and in 2010, he was the joint winner of the Bhagwati Prize from the *Journal of International Economics*. He is the founder of *The Irish Economy* blog.

Hannah McGee, Professor of Psychology and Dean of the Faculty of Medicine and Health Sciences, Royal College of Surgeons

Hannah McGee was appointed to the Council in November 2010. She is Professor of Psychology and Dean of the Faculty of Medicine and Health Sciences at the Royal College of Surgeons in Ireland. Her research interests are in quality of life assessment and epidemiological and psychosocial aspects of ageing, cardiovascular disease and sexual health. She has served as president of the Psychological Society of Ireland and the European Health Psychology Society and as Chair of the Rehabilitation Committee of the European Association for Cardiovascular Prevention and Rehabilitation. She chaired the Department of Health's expert group to develop the National Policy on Cardiovascular Health (2010-2019).

Padraig McManus, Chairman of Eircom

Padraig McManus was appointed to the Council in July 2012. He held a number of executive roles in ESB including Managing Director of ESB International and Director Commercial before becoming Chief Executive from 2002-2012. He completed two consecutive terms on the Board of the Conference Board of the US of which he is currently a Global Counsellor. In January 2013 he was appointed Chairman of the Eircom Group and continues to serve on a number of other Boards including Mincon and the Photonomi Group. He is Chairman of the Foundation for the National Maternity Hospital in Holles Street.

David Moloney, Department of Public Expenditure and Reform

David was appointed to the Council in November 2010. David is Assistant Secretary at the Department of Public Expenditure and Reform and Head of the Labour Market and Enterprise Division there.

Brid O'Brien, Head of Policy and Media, Irish National Organisation of the Unemployed

Brid O'Brien was appointed to the Council in May 2012. She is Head of Policy and Media with the Irish National Organisation of the Unemployed. Brid is one of the Community and Voluntary Pillar representatives on the National Economic and Social Council. She is a member of the Labour Market Council which was established in September 2013 and she participated on the Advisory Committee for the development of Ireland's first Further Education and Training Strategy. She is a member of RTE's Audience Council and works with colleagues in the Community and Voluntary Sector on issues of socio-economic justice.

Gerry O'Hanlon, former Director General, Central Statistics Office

Gerry O'Hanlon was appointed to the Council in November 2008 and is Chairperson of the Budget and Operations Sub-committee. He retired as Director General of the CSO in 2012 and is a long-time advocate of the effective use of data and statistics for policy and research. He undertakes advisory and consultative work within the European Statistics System and in that capacity is currently Chairperson of the Good Practice Advisory Committee to the Hellenic Statistical System in Greece. He is an elected member of the International Statistical Institute.

Frances Ruane, Director

Frances Ruane became Director of the Institute in December 2006. She is an Honorary Professor at the Department of Economics at Trinity College, where she worked prior to joining the Institute. Her research interests are in international economics and industrial development. She is currently a member of the Council of Economic Advisors in Scotland, the Economic Advisory Group in Northern Ireland, the National Pensions Reserve Fund Commission, the Council of the Royal Irish Academy and the Oversight Group for the Irish Government Economic and Evaluation Service. She represents Ireland on the European Statistical Advisory Committee.



Kieran A. Kennedy
ESRI Director 1971-1996

Kieran Kennedy was Director of the ESRI for a quarter of a century. He was educated at UCD (Diploma in Public Administration, B. Comm. and M. Econ. Sc.), Oxford University (B.Phil.) and Harvard University (PhD.). He studied under Professor John Hicks in Oxford, and under Professors Wassily Leontief and Simon Kuznets in Harvard. His doctoral dissertation on industrial productivity in Ireland, *Productivity and Industrial Growth: the Irish Experience*, was subsequently published by Oxford University Press (1971).

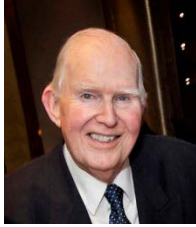
Professor Kennedy began his professional career in the civil service (Office of the Comptroller & Auditor General, the Department of Industry & Commerce and the Department of Finance). He joined the ESRI research staff in 1968, and following a brief secondment to the Central Bank of Ireland in 1970/71, he was appointed Director of the Institute in 1971. He held this position until his formal retirement in 1996. After his retirement he continued to contribute to the ESRI, leading the *Quarterly Economic Commentary* in December 1999 and March 2000.

Kieran Kennedy's main research interests were economic growth, employment, unemployment and industrial development. He published extensively in these areas and acted as an independent expert on the 1982 economic plan 'The Way Forward'. He was an early and persistent advocate of restoring order in the public finances when deficits rose in the late 1970s. He sought to focus attention on long-term unemployment, an issue covered extensively in Institute research. His commitment to addressing the serious social consequences of unemployment reflected both his personal beliefs and his experience in voluntary social work.

As Director, Professor Kennedy guided the ESRI through a very difficult period in the late 1980s when government financial cut backs potentially threatened its survival. He raised research income from new sources (including philanthropy) and agreed a new funding model with the Department of Finance. He maintained strongly that independent, high-quality research was a fundamental requirement for good policymaking. Throughout his period as Director, he continued the tradition of his predecessors of seeking to ensure that the ESRI could be funded by government and yet remain independent of it when it came to analysis and commentary.

Among many academic honours, he was elected to the Royal Irish Academy in 1973 and awarded an honorary doctorate by Trinity College Dublin in 1993. He is fondly remembered by colleagues for his very significant contribution to the development of the Institution over 25 years.

Ar dheis Dé go raibh a hanam dílis.



Sir George Quigley

Sir George Quigley became a member of the Council of the Economic and Social Research Institute in 1990 and a member of its Executive Committee a year later. He played a key role in assisting the Institute in fund-raising from the private sector and served as President from 1999 until his retirement from the Council in 2002.

A graduate of Queen's University Belfast, Sir George graduated from Queen's University, had a distinguished career in the public sector in Northern Ireland, becoming Secretary of the Department of Finance and Personnel in 1979. On leaving the Civil Service, Sir George went on to play a major role in business in Northern Ireland, taking on Board membership and later Chairman of both Ulster Bank and Bombardier Aerospace Belfast.

Sir George played a major role in the wider public life of Northern Ireland, as Chairman of a variety of bodies including the Northern Ireland Executive Council, the Northern Ireland Economic Council, Cooperation Ireland and the Royal Group of Hospitals' Trust. He was a member of the important Dearing Committee on Higher Education in the UK and of the Qualifications and Curriculum Authority, London. His contribution to Northern Ireland and to the island of Ireland was recognised with the award of a knighthood in 1993 and in his election to Membership of the Royal Irish Academy in 2009.

Sir George was also actively involved in supporting and encouraging North-South economic relationships and developments, which he saw as having considerable potential within a peace process. He provided both encouragement and support to ESRI researchers working on all-island issues. After his retirement from the Institute's Council, Sir George remained an enthusiastic supporter of, and ambassador for, the Institute, seeing its role as helping to shape the public agenda and as stimulating more informed and evidenced-based debate around policy issues. He was highly regarded for the manner in which he supported his arguments with solid evidence, sound analysis and a global perspective. This approach, combined with his intellectual curiosity and exceptional command of economics, history and politics, set the tone of debates. The following quotation captures this perfectly: "Even when he disagreed, he was charmingly constructive".

Ar dheis Dé go raibh a hanam dílis.



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ISBN No. 978 0 7070 03672

Printed on Recycled Paper