IRELAND

UNITARY COUNTRY

EUROPE

BASIC SOCIO-ECONOMIC INDICATORS

Income group - **HIGH INCOME: OECD** Local currency - **Euro (EUR)**

POPULATION AND GEOGRAPHY

AREA: **68 394** km²

POPULATION: **4.614** million inhabitants (2014), an increase of 0.3% per year (2010-14)

DENSITY: **67** inhabitants/km²

URBAN POPULATION: **63%** of national population

CAPITAL CITY: **Dublin** (24.7% of national population)

ECONOMIC DATA

GDP: **228** billion (current PPP international dollars) i.e. 49 402 dollars per inhabitant (2014)

REAL GDP GROWTH: **5.2%** (2014 vs 2013)

UNEMPLOYMENT RATE: **11.3%** (2014)

FOREIGN DIRECT INVESTMENT, NET INFLOWS (FDI): **86 766** (BoP, current USD millions, 2014)

GROSS FIXED CAPITAL FORMATION (GFCF): **19%** of GDP (2014)

HUMAN DEVELOPMENT INDEX: **0.916** (very high), **rank 6**

Sources: OECD, Eurostat, World Bank, UNDP, ILO

TERRITORIAL ORGANISATION AND SUBNATIONAL GOVERNMENT RESPONSIBILITIES

MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGs
31	-	-	31
3 CITY COUNCILS, 2 CITY AND COUNTY COUNCILS, 26 COUNTY COUNCILS AVERAGE MUNICIPAL SIZE: 149 530 INHABITANTS			

MAIN FEATURES OF TERRITORIAL ORGANISATION. Local self-government was recognised in the 1999 Constitution (Article 28A). In 2014, Ireland implemented a significant territorial reform aimed at rationalising the territorial structure based on outdated town boundaries, increased democratic governance and spending efficiency of local governments. Following the Local Government Reform Act of 2014, the former 114 local councils were merged into 31 local governments, including 31 local councils: 3 city councils, 2 city and county councils and 26 county councils. The reform also abolished the eight regional authorities replacing them with three "regional assemblies" (still not elected by direct universal suffrage). The 2014 reform also created a nationally representative system of sub-county governance, the Municipal Districts. They are part of the relevant county council, acting as constituencies for county councils, with councillors, enjoying devolved local decision-making responsibilities to decide matters relevant to local communities.

MAIN SUBNATIONAL GOVERNMENTS RESPONSIBILITIES. The Local Government Act 2001, as amended by the Local Government Reform Act 2014, provides the legislative basis for the distribution of responsibilities. Until 2014, local governments were responsible for housing, planning, local roads, water supply and sewerage, environmental protection, recreation facilities and amenities, etc. In addition to these competences, a major role of local authorities is representation of local communities. Following the Local Government Reform Act (2014), local governments were granted new responsibilities, in particular in planning, local and community development and support economic development and enterprise at a local level.

SUBNATIONAL GOVERNMENT FINANCE

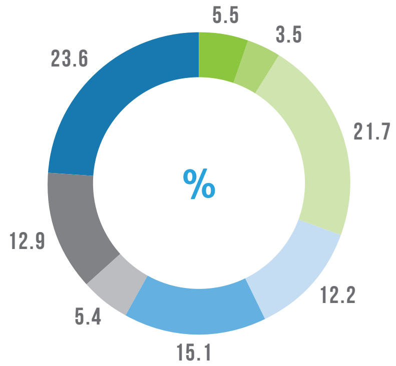
EXPENDITURE	% GDP	% GENERAL GOVERNMENT (same expenditure category)	% SUBNATIONAL GOVERNMENT
TOTAL EXPENDITURE (2013)	**4.0%**	**9.8%**	**100%**
CURRENT EXPENDITURE	3.1%	-	79.2%
STAFF EXPENDITURE	1.2%	11.2%	30.0%
INVESTMENT	0.7%	52.8%	18.7%

Local councils have very limited spending responsibilities. Ireland is one of the most centralised countries of the OECD, with one of the lowest ratios to GDP and public spending among OECD countries, together with Chile, Greece and New Zealand. Their role as public employers is also very low, although staff spending represents 30% of their expenditure. However, they are key public investors, carrying out more than half of public investment. Investment is one of their main functions, even though they often act on behalf of the central government to implement national investment programmes.

EXPENDITURE BY FUNCTION

% SUBNATIONAL GOVERNMENT EXPENDITURE

- GENERAL PUBLIC SERVICES
- DEFENCE
- SECURITY AND PUBLIC ORDER
- ECONOMIC AFFAIRS
- ENVIRONMENTAL PROTECTION
- HOUSING AND COMMUNITY AMENITIES
- HEALTH
- RECREATION, CULTURE AND RELIGION
- EDUCATION
- SOCIAL PROTECTION



In 2013, principal categories of local government spending included social protection (social inclusion and poverty, social housing benefits), economic affairs (mainly transports) and housing and community amenities, which include planning and development of public housing and water supply.

REVENUE BY TYPE	% GDP	% GENERAL GOVERNMENT (same revenue category)	% SUBNATIONAL GOVERNMENT
TOTAL REVENUE (2013)	**4.1%**	**11.8%**	**100%**
TAX REVENUE	0.9%	3.7%	21.7%
GRANTS AND SUBSIDIES	2.0%	-	47.8%
OTHER REVENUES	1.3%	-	30.5%

Local tax revenue is very limited, although it has increased over the recent years. However, local councils raise important user charges and fees while central government transfers represent around half of their revenue.

TAX REVENUE. Local tax revenues include in particular property taxes, levied on commercial properties. Since July 2013, a new property tax on residential properties was introduced to local governments. These two taxes are the only local tax revenue. The levying and collection of rates are matters for each individual local authority. From 2015 onwards, new powers over the local property tax rates are being conferred to local authorities, with the aim of increasing their financial autonomy and local ownership. The Annual Rate on Valuation (ARV), which is applied to the valuation of each property, determined by the Valuation Office, to obtain the amount payable in rates, is decided by the elected members of each local authority in their annual budget.

GRANTS AND SUBSIDIES. Transfers from the central government include specific (earmarked) grants and a general grant, the Local Government Fund (LGF) established in 1999. The LGF, financed by receipts from the motor tax and a contribution from the Exchequer, provides local councils with general funding. Designed for equalisation, its allocation takes expenditures and revenues of each local government into consideration (needs and resources model). Since 2015, 20% of local property tax receipts collected nationally is redistributed for equalisation purposes through the LGF (the remaining 80% is retained by local governments). Specific grants aim at financing specific public programmes (housing, roads, etc.). Current grants represented around 65% of total grants while capital grants accounted for 36%.

OTHER REVENUES. Other revenues for local governments include service fees and charges, such as commercial water charges, housing rents, waste charges, parking charges, planning application fees, etc. (24% of local revenue).

OUTSTANDING DEBT	% GDP	% GENERAL GOVERNMENT
OUTSTANDING DEBT (2013)	3.4%	2.5%

Fiscal rules for local governments were introduced in 2004, after Ireland recorded a general government deficit in 2002. The Government set a limit of EUR 200 million for the contribution of the local government sector to the deterioration in the General Government Balance (GGB) in any one year. This limit was reaffirmed in 2009. The Local Government Act (Article 106) states that a local authority may borrow money in any manner it considers suitable for the effective performance of its functions. However, it is limited to capital expenditure and needs prior approval of the central government. In addition, there is debt ceiling of 200 million euros for new annual borrowing (on the total sector's fiscal deficit for any given year). As a result, local government debt is limited, significantly below the OECD average. It comprises 87% of loans and 13% of other accounts payable.

A joint- study of:

UCLG United Cities and Local Governments

OECD

Publication date: October 2016

Sources: OECD National Accounts Statistics • OECD (2015 and 2016) Subnational Governments in OECD Countries: Key data • Chatry I., Hulbert C. (2016) Multi-level governance reforms: Overview of OECD country experiences • OECD publishing • Department of the Community, Environment and Local Government (2015) http://www.environ.ie/en/LocalGovernment/LocalGovernmentReform • Citizen Information Board (2014) Changes to local government and local development structures • Council of Europe (2013) Local democracy in Ireland • European Committee of the Regions (2014) Division of Powers Between the European Union, Member States, Candidate and some Potential Candidate Countries, and Local and Regional Authorities: Fiscal Decentralisation or Federalism .