

North / South Ministerial Council  
An Chomhairle Aireachta Thuaidh / Theas  
*Study of Obstacles to Mobility*

November 2001



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## **Note**

The purpose of this report is to improve awareness of, and stimulate debate on, obstacles to mobility of persons, in either direction, between North and South on the island of Ireland.

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Care has been taken to establish that the information provided in this report is accurate at the time of publication and that the sources and authors of third-party information and reports are mentioned and acknowledged.

The work on this report was carried out during the period January to June 2001.

The consultancy team is grateful to the Steering Group and to officials from the North/South Ministerial Council for their support and advice throughout the duration of this study. They also wish to express their appreciation to all those who provided input to the study, including particularly those companies and individuals who agreed to act as case studies.

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## Contents

EXECUTIVE SUMMARY .....	4
I INTRODUCTION .....	21
II METHODOLOGY .....	23
III THE CONTEXT AND SCALE OF NORTH/SOUTH MOBILITY .....	27
IV ANALYSIS AND EVALUATION OF BARRIERS TO MOBILITY .....	45
V TAXATION, SOCIAL SECURITY AND PENSIONS .....	51
VI HEALTH, CHILDCARE, HOUSING AND TRANSPORT .....	67
VII EDUCATION AND TRAINING .....	77
VIII EMPLOYMENT LEGISLATION AND RECRUITMENT PRACTICE .....	83
IX TELECOMMUNICATIONS, BANKING AND INSURANCE .....	85
X POTENTIAL SOLUTIONS AND RECOMMENDATIONS .....	99

### Appendices (in a separate volume)

A Report on Scoping Study Workshop	
B Public Advert, Baseline Information return & survey of banks	
C Company case studies	
D Individual case studies	
E Working papers	
F Public meetings	
G Analysis and evaluation of barriers to mobility	
H Regression analysis	
I Bibliography	

## EXECUTIVE SUMMARY

### Terms of Reference

The Terms of Reference for this Study, as agreed at the first meeting with the Joint North/South Steering Group, are as follows:

- *To identify the obstacles to the mobility of persons, in either direction, between North and South on the island of Ireland, including;*
  - persons living in one jurisdiction and working, or seeking to work, in the other;
  - persons who have lived and worked in one jurisdiction but who either have moved, or wish to do so, to live and work in the other jurisdiction;
  - students whose original residence is in one jurisdiction but who are studying, or wish to do so, in the other jurisdiction; and
  - persons who have lived in one jurisdiction and now live, or wish to do so, in the other jurisdiction, without working for remuneration.
  
- *To assess the obstacles to the mobility of persons in a number of key areas (including direct and indirect taxation, vehicle importation and registration, social security, pensions, health, education, training, recognition of qualifications, employment law, housing, childcare, telecommunications, banking, insurance, transport services and any other significant legal, regulatory or administrative barriers); and*
  
- *To consider and recommend ways in which these barriers might be eliminated or overcome by the public and private sectors, as appropriate, in both jurisdictions.*

### Methodology

A range of research methods was applied in this assignment. These included surveys of members of the public, government departments, representative bodies and relevant organisations such as recruitment agencies. A programme of case studies was also undertaken with companies operating on both sides of the border and with individuals who were frontier workers, or who had moved to study, work and/or live across the border. Thus students, persons in full-time employment, persons who were unemployed/jobseeking and retired persons were amongst those interviewed. In addition, we conducted a large scale interview programme with representative bodies and relevant officials in government departments, North and South. Three expert working papers were developed which were designed to inform the Study on technical issues and to set out the current situation in relation to taxation and social security, employment law and recruitment practice and education and training. Finally, three workshops were held. The first was a Scoping Workshop involving an invited audience of officials from government departments and representative bodies. This was held at the start of the assignment. Towards the end of the assignment two public consultation conferences were held in the border region, where the views of interested parties on the key issues were identified and explored.

### The Context and Scale of Mobility

Before considering some of the potential obstacles to mobility and the suggested solutions it is useful to consider the wider context and extent of North/South Mobility.

Any consideration of factors impacting on mobility between the two jurisdictions in Ireland needs to be set within the wider EU context and specifically the right to freedom of movement which is an essential part of EU citizenship. It is also important to reflect on the fact that many of the obstacles to mobility evident across European borders are similar to those experienced between the North and South of Ireland. More recently the Amsterdam Treaty has provided new impetus to improve labour mobility within the EU, and at the Spring European Council (Stockholm 2001) a strategy to promote the development of a more integrated European labour market was discussed. The first stage in this strategy is the implementation and completion of the first set of key policy actions to enhance mobility

and maximise the potential of the internal market. The second stage is based on the establishment of a Skills Mobility Task Force, which met for the first time in June 2001. These developments will contribute to North/South mobility within the island of Ireland.

In addition to the European dimension, North/South co-operation in the areas of education, health and transport is within the remit of the North/South Ministerial Council (NSMC). Actions planned in these areas by the NSMC, which are also detailed in this report, will have a bearing on future mobility within the two jurisdictions.

Official data on migration show that in overall terms there has been an increase in cross-border mobility in recent years and that there is now a net inflow of persons to the South from the North. The official data show that there was a consistent *net inflow* of people from the South to the North prior to 1996. However, this pattern has been reversed in recent years with a net inflow recorded to the South from the North in three of the four years since 1996–1999.

The limited data on frontier workers also points to an increase in the number of workers from the North commuting to the South. During the course of the Study a number of companies and individuals working in the border region were interviewed. Anecdotal evidence suggests that cross-border commuting may be more significant than the data suggest. Our assessment is that the official statistics may underestimate the extent of this mobility.

In respect of students, it would seem that the number of students from the North moving to the South has fallen in recent years. This is in contrast to the increase in the number of students from the South enrolled on Higher Education courses in the North. It is suggested that the improved political climate in the North may partly explain the fall in the number of students from the North studying in the South.

In overall terms, it is clear that economic factors are important in explaining the changes in patterns of mobility observed in recent years. A correlation analysis carried out for this Study suggests that there is a negative relationship between the difference in unemployment rates in the North and South, and the net inflow of migrants to the North from the South. This could be interpreted as implying that, for example, relative changes in unemployment rates in a given year are associated with changes in migration flows between the North and South, and seem also to have an effect on migration in the following year, though not thereafter.

## Evidence of Obstacles to Mobility

The focus of this Study is to identify the range of obstacles that make it difficult for people to study, work and/or move to live across the border and to propose solutions to address these barriers. Removing such barriers will assist in improving economic efficiency and will assist both parts of Ireland to enhance competitiveness.

These barriers include:

- Social and cultural factors;
- Economic factors such as different tax and social security systems, pensions rights;
- Recognition of skills and qualifications;
- Accessibility and transparency of information; and
- Different levels of service provision and the quality of transport links.

In an attempt to examine these issues in detail, a number of surveys were carried out, analysed and evaluated in the course of this Study. These surveys involved individuals, recruitment agencies, representative bodies and government departments ranking in order of importance a number of potential obstacles to mobility. The aim of these surveys was to ascertain the likely barriers encountered by persons moving across the border

In the survey of individuals undertaken a number of potential obstacles were identified. Individuals identified issues in relation to direct taxes, social security, pensions, health, and recognition of qualifications as significant barriers to mobility. The barriers identified in the survey of recruitment agencies based in the North and in the South are broadly similar. These include housing (regarded as being particularly important), as well as direct taxes. Childcare and health issues were also seen as important. The responses from government departments indicate that direct taxes, indirect taxes, pensions, employment law, and housing are considered important barriers.

The survey results provide a useful indicator of the relative importance of potential obstacles. Interestingly, housing, health, direct taxation, pensions and recognition of qualifications seem to be the most significant obstacles. Based on these survey results, in addition to the evidence gathered from the programme of interviews and case studies, these issues were examined in detail in the report. Set out below are the report's recommendations. These are dealt with under each of the main headings. For each recommendation an explanation is provided dealing with the rationale.

## Conclusions

We have drawn a number of conclusions from this Study which can be summarised as follows:

- **There is a wide range of obstacles to mobility** – there is evidence of a number of obstacles across several sectors affecting mobility of persons between the two jurisdictions. Our recommendations therefore also cover a wide range of potential areas for improvement;
- **Individuals and companies face a combination of obstacles** – the evidence from our research suggests that it is rarely one single obstacle which limits freedom of movement, but a combination of factors which acting together can affect the decision to move. The effectiveness of any changes that are implemented will therefore be enhanced if these recommendations are taken as a package of measures which need to be tackled;
- **Obstacles affect lower income groups disproportionately** – many obstacles identified in the research affect lower income groups, including particularly those that may hinder unemployed persons from obtaining work in the other jurisdiction. Many of our recommendations are aimed at addressing these barriers and at improving the flow of information to lower income groups;
- **Costs are borne by a range of individuals and companies** – obstacles to mobility lead to costs for those affected and these costs are borne by both individuals and companies with consequent impacts on competitiveness. Implementation of our recommendations may in some cases result in exchequer costs but it is important to recognise that the benefits should be reflected in improved economic performance;
- **Problems are not unique to Northern Ireland/Ireland** – our research on experience elsewhere in Europe shows that many of the problems are common across other borders. It is important, therefore to draw on the experience of other jurisdictions in how they have tackled the same problems; and
- **Solutions range from awareness/information provision through to legislation** – we have presented 50 recommendations which are listed in the following paragraphs. We have also provided a summary of the rationale for the recommendation and an indication of any likely exchequer costs.

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## INFORMATION IMPROVEMENTS

### *Recommendation 1: A Joint North/South one stop initiative to highlight information on mobility issues should be established*

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One of the noteworthy features that emerged time and time again in our analysis was the complexity and difficulty in accessing information on the range of issues affecting North/South labour mobility. In many cases perceptions existed based on inaccurate, outdated or incomplete information. We therefore recommend that the authorities in Northern Ireland and in the Republic should consider the establishment of a joint North/South one stop initiative to highlight information on mobility issues. A physical presence for this initiative, possibly in a border region, would be desirable. This initiative should build on the work already being done by a number of organisations in the delivery of cross-border advice (e.g. EURES, TRASNA, Centre for Cross-Border Studies, and the Co-operation and Working Together Initiative – CAWT).

#### *Indicative Exchequer Costs*

It is difficult to identify the precise exchequer costs for such an initiative until the details of its size, scope and location are formulated. Staff for this initiative could be transferred from existing agencies. However, additional costs would be involved and it would be prudent to assume annual additional costs of between Stg£250,000–£500,000 if a well resourced initiative was to be implemented.

### *Recommendation 2: A B4Umove.com website should be established*

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A one-stop cross-border mobility information website should be established – B4Umove.com – which would provide comprehensive and easily accessible information on key aspects of jobs, learning opportunities and living conditions on both sides of the border. This would be linked with European Commission proposals for development of such a site on a pan-European basis. This site should also provide linkages to websites for government departments as well as representative agencies and voluntary groups.

#### *Indicative Exchequer Costs*

This will involve one-off development costs as well as ongoing updating costs. One-off costs are likely to be between Stg£150,000–£250,000 and annual costs of the order of £20,000 may be required. The possibility of obtaining EU or private sector sponsorship funding which might reduce the exchequer costs could be investigated.

## TAXATION

### *Recommendation 3: Expansion of information on personal taxes, North and South*

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There is a need for an expansion of information in respect of the actual personal tax position in Northern Ireland and the South. This could be a component of the initiative outlined in recommendation 1 and recommendation 2. Encouragement could also be given to taxation institutes and to the major accounting firms to include cross-border summaries in their publications on taxes in each of the jurisdictions.

#### *Indicative Exchequer Costs*

No additional costs would be required other than costs estimated under recommendation 1 and 2.

### *Recommendation 4: Rebate on Vehicle Registration Tax should be provided for frontier workers under certain conditions*

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The imposition of VRT can be a problem for frontier workers and others who are commuting across the border. A person living in the South but employed in the North may not use a Northern Ireland registered car. The rules of residence apply: if a person has so-called personal ties in the South they are deemed to be resident and must comply with Irish tax rules. We feel that on equity and efficiency grounds, some changes to these rules may be warranted to take account of the position of frontier workers. It is recommended that frontier workers should have a 25% rebate from paying VRT provided the following conditions are met:

- Prior approval from Revenue Commissioners is obtained;
- UK NIC number should be provided so that random checks may be made to eliminate the cross-border double;
- All Irish vehicle taxes including VAT and Excise Duties on vehicles other than VRT are paid;
- Self-employed and those employed in 'a connected company' are excluded;
- All other frontier worker requirements are met; and
- Relief to be only claimable once in a four year period and if the vehicle is sold within a four year period in the State a claw-back on the rebate should be introduced.

#### *Indicative Exchequer Costs*

The above recommendation has been structured in a manner which reduces the potential for abuse and also provides a partial relief with a claw back condition. Other strict conditions are proposed to reduce the exchequer costs and to ensure the rebate is targeted on groups relevant to North/South mobility. These frontier workers previously were provided with a tax incentive but due to changes in NI taxes, this incentive is much less relevant than when introduced. Given the higher costs faced by these workers and the absence in many cases of appropriate public transport, we believe this moderate relief is justified. It would, however, be important to point out that this will have a direct exchequer cost. If one assumes that there are approximately 9,000 frontier workers in the South and that 50% of them avail of this relief this would suggest a potential take up of 4,500 persons. The restriction of the relief to once in a four year period would indicate an Exchequer cost of £0.7m IR per annum, assuming an average market price for new and second-hand cars of £10,000 per car ( $£10,000 \times 0.25$  (VRT rate assumed)  $\times 4,500/4 \times 0.25$ ). This annual cost of £0.7m compares with a total estimated exchequer revenue return for VRT in 2000 of £788.6m.

#### *Recommendation 5: UK Authorities should consider a tax relief for NI frontier workers*

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In the past, the operation of the dual tax agreement between Ireland and the UK imposed an additional tax burden on taxpayers resident in the South and working in the North. These workers paid UK taxes on income earned in the North that was generally lower than the tax that would be paid if this income were earned in the South. Prior to 1998, this foreign income was also subject to Irish tax with a credit for the UK tax paid. To address this anomaly, a provision was included in Section 13 of the 1998 Finance Act. The effect of the relief is to remove Irish tax liability from foreign income where the foreign tax has been paid. Given the reduction in income taxes in the South, it could now be argued that frontier workers living in the North and working in the South are now being penalised by having to pay Irish taxes and then the difference between those taxes and their UK liability.

We therefore recommend that the UK authorities should consider introducing a relief for Northern Ireland residents who are frontier workers. This would have the effect of removing liability for UK taxes, if all of the individual's income is earned in the South and has been subject to tax. Various conditions would need to apply, including the various conditions that apply in respect of frontier workers.

#### *Indicative Exchequer Costs*

Further work would be required by the UK authorities to provide detailed estimates of the costs of this initiative and the costs would depend on the precise conditions which would be implemented in any legislation. The costs would also be influenced by the extent of current compliance. If one estimated that 1,500 of NI frontier workers would be caught by this specific anomaly and if the difference between Irish and UK tax liabilities was an average of Stg£1,000 per person then the annual exchequer costs would be of the order of Stg£1.5 million per annum.

#### *Recommendation 6: The relevant Revenue and Social Services information leaflets should provide instruction on the specific rights of frontier workers*

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It is often difficult for people to locate information that is accurate and up-to-date on benefit and taxation issues. It is recommended that the relevant Revenue and Social Services information leaflets should provide instruction on the specific rights of frontier workers. This information could also be incorporated into the services provided by bodies such as EURES and TRASNA.

*Indicative Exchequer Costs*

We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 7: Guidelines should be developed to minimise impact of differences in North/South tax years*

The Irish income tax year at present is the same as the UK tax year, i.e. 6 April to 5 April, which makes completing tax returns in the other State easier. However, from 1 January 2002, the Irish tax year is changing to a calendar year. Employees will no longer be able look at their end of year pay and tax certificate and simply insert the figures after exchange adjustments onto their UK tax return. This will pose a particular difficulty to the individual living in the North, but working in the South who has to complete a UK tax return. The UK Inland Revenue could relax its rules for individuals in this position and accept provisional figures without imposing penalties on the understanding that actual figures would be filed by 31 March.

*Indicative Exchequer Costs*

We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 8: Consideration should be given to the deployment of officers with specialist cross-border information skills in the respective border offices in the Inland Revenue and the Revenue Commissioners*

In relation to many of these issues, the principal problem is a lack of information or an understanding of the position. In our research, we encountered on several occasions the situation where information was available but individuals did not know this, or held mistaken views. In the general tax area, we have a number of recommendations around exchanging cross-border information and expertise on the part of the relevant authorities.

*Indicative Exchequer Costs*

We do not envisage any additional exchequer costs associated with this recommendation.

**PENSIONS***Recommendation 9: It may be appropriate to draft new regulations to cater for areas of detail within pension legislation that are restrictive*

There are a number of areas of detail in the legislation that are restrictive. For example, public sector schemes in the UK have typically been set up by regulation (e.g. the Local Government Pension Scheme). However, the nature of the corresponding legislation between jurisdictions may require cross-border schemes to be set up under trust rather than by regulation. This is not necessarily a barrier to mobility (although it does bring a need to appoint scheme trustees). However, flexibility needs to be maintained to cater for the various issues raised, particularly for public sector schemes.

*Indicative Exchequer Costs*

We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 10: Consideration should be given to the establishment of a reciprocal arrangement between the UK and the South for the transfer of Public Sector Pensions*

A significant recruitment issue occurs when a potential new employee realises that, if he/she leaves their current employment to move to a new cross-border employer, accrued benefits are made 'paid up'. This means that the benefits earned to date will only increase with inflation between their date of leaving and retirement, rather than being linked to the final salary of their 'new' employment with the cross-border employer. This can cause a significant shortfall in expected benefits for all but those close to retirement. This is compensated for in public sector schemes by belonging to a 'transfer club'. Essentially, this allows transfers between employments of participating

employers that link all periods of service, so that benefits maintain the linkage to salary. In other words, it is as though employment was not severed and all service with 'transfer club' employers is treated as continuous. It would be complex (although potentially desirable) to operate a 'transfer club' cross-border.

*Indicative Exchequer Costs*

We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 11: Regulations should be drafted to allow cross-border intra employer transfers to maintain continuous service on transfer*

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If an employee is changing jobs in the private sector, the employee has a choice to make before taking up new employment. It would be possible for transfers-in to be augmented (by the receiving scheme) to reflect the cost of maintaining salary linkage. This could add materially to the cost of funding the scheme and should be for the individual employer to decide. It is not a cross-border issue exclusively and typically is not a significant recruitment barrier except for a few senior appointments. However, this is a real problem for an employer operating cross-border. It would be a significant barrier to mobility if, by moving jurisdiction, the employee's benefits with the same employer had to lose the linkage to final salary for the 'accrued' period of service.

*Indicative Exchequer Costs*

We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 12: Existing corresponding pensions legislation between the jurisdictions should be amended to simplify the process of transferring between regions. The issues of contracting-out and residency should be covered*

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Cross-border transfers are problematic for a number of other reasons besides those mentioned in Recommendations 10 & 11, as it is not possible to transfer UK 'Contracted-out' benefits abroad unless emigration has taken place. Also it is not currently possible to transfer Northern Ireland benefits to a Scheme in the South without the change in residence condition applying (particularly affecting those employees working across the border without changing residence). A transfer club for public sector transfers would be difficult to introduce if the cross-border scheme was set up on a Contracted In basis.

*Indicative Exchequer Costs*

We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 13: Any attempt to implement improvements in pension regulations in either jurisdiction should maintain the flexibility to operate cross-border pragmatically, while ensuring the detail is not overlooked*

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There are a number of other 'minor' issues which impact more on employers that operate on both sides of the border. For example, pensions in payment will be linked to a measure of 'inflation' in payment. This would be different in each region (Retail Prices in the UK, Consumer Prices in the South). However, finding a solution to this would not be an insurmountable problem. Benefits on retirement (or indeed death in service) would of course be payable (currently) in different currencies but exchange rate issues are also manageable.

*Indicative Exchequer Costs*

We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 14: A North/South consultative seminar should be organised on the 'posted workers' option. This seminar could also deal with a range of the complex issues in the areas of social security, tax and pensions that have been identified in this Study*

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The tax treatment of pension contributions for employees resident in one jurisdiction and working in another is also an issue in this respect. For example, a UK resident working in Ireland will pay Irish tax. The relief to be gained from any pension contributions depends on their circumstances as follows:

- If the person contributes to an Irish occupational scheme they can claim tax relief against their schedule E income;
- If their company transfers the person and they continue to pay contributions to their UK occupational scheme, of which they were previously a member, they can claim tax relief. This is the so-called 'posted workers' option; and
- However, if they are contributing to a UK scheme and are not covered by the posted workers option above, they would not obtain tax relief on their pension contributions.

These provisions can act as a barrier to mobility given that pension contributions can be claimed at the marginal tax rate up to a certain limit. A North/South seminar should be organised on the 'posted workers' option.

*Indicative Exchequer Costs*

No significant additional exchequer costs are likely to be involved.

*Recommendation 15: Tax relief on pension payments for frontier workers should be allowed regardless of where the pension fund is located*

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It is recommended that tax relief on pension payments should be allowed regardless of where the pension payments have been made.

*Indicative Exchequer Costs*

The exchequer costs will depend on the numbers availing of this relief. A provisional estimated sum of Stg£0.25 million per annum is included as an indicative cost.

## **SOCIAL SECURITY BENEFITS**

*Recommendation 16: A review should be performed of the operation of the existing bodies that are involved in providing information both to migrant and cross-border workers*

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There is considerable co-operation between both jurisdictions in clarifying social welfare entitlement issues for claimants. However, there is considerable confusion that could be addressed by an improved cross-border information service.

We propose a review of the operation of the existing bodies that are involved in providing information both to migrant and cross-border workers. This would involve an assessment, inter alia, of the services currently being provided by the Eures and Trasná organisations.

*Indicative Exchequer Costs*

The only costs associated with the recommendation would be those associated with the commissioning of such a review which it is assumed would be carried out by consultants.

*Recommendation 17: Creation of a link from the Social Security Agency website in the North to the website for the Department of Social, Community and Family Affairs in the South and vice versa*

---

There is considerable co-operation between both jurisdictions in clarifying social welfare entitlement issues for claimants. However there is considerable confusion that could be addressed by creating a website link between the two social security agencies.

*Indicative Exchequer Costs*

No significant costs are associated with this recommendation.

*Recommendation 18: Arrangements to be put in place to make it easier for Social Security offices in the North to access information on workers who have spent time working in the South*

---

Information to establish entitlement to benefit is obtained from a number of sources in Northern Ireland. In some cases, the UK overseas office that processes information on entitlements earned working in the South, is located in England. We propose that consideration is given to arranging that workers who have spent time working in the South should have their claims processed in a branch located in Northern Ireland. Alternatively, it should be made easier for Social Security offices in Northern Ireland to access that information quickly.

*Indicative Exchequer Costs*

No significant costs are associated with this recommendation.

*Recommendation 19: An extension on a pilot basis of Jobseekers Allowance to 6 months*

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In accordance with European Community Regulations, jobseekers may continue to be paid for a maximum period of 3 months (or 92 days) whilst living in another country and looking for work providing they meet various conditions. It is recommended that this be extended on a pilot basis to 6 months.

*Indicative Exchequer Costs*

Estimated exchequer costs for this would depend on whether the individuals would remain unemployed in their own jurisdiction, if this measure was not introduced. In such cases, no exchequer cost would be involved and indeed there may be savings. It may, however, be appropriate to consider a potential cost if this assumption is viewed as invalid.

*Recommendation 20: Cross-border training placements should be expanded to improve services*

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The Social Security offices on both sides of the border co-operate on many issues and there is exchange of best practice and information. Recently the Department of Social, Community and Family Affairs sent twelve placements to work in the North for one week. This is a useful exercise that could be expanded.

*Indicative Exchequer Costs*

Only minimal exchequer costs would be involved and this perhaps could be diverted from existing training budgets.

## **HEALTH/CHILDCARE**

*Recommendation 21: Feasibility study of permitting frontier workers to access health services at nearest hospital*

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It is recommended that a feasibility study be undertaken of the costs and operational aspects of permitting frontier workers to access health services at their nearest hospital, irrespective of the jurisdiction within which it is located. A system of 'transfer charging', which is currently in place for emergency operations, would be applied on a broader basis to frontier workers and their dependants.

*Indicative Exchequer Costs*

We would envisage that this could be reviewed by existing officials in the two Departments of Health. External consultancy assistance is unlikely to be required and accordingly no significant exchequer costs would be involved.

*Recommendation 22: Raise awareness of E128 form for seconded or posted workers*

---

Under EU wide arrangements 'posted' workers i.e. workers who have been temporarily relocated outside their home jurisdiction, are eligible for full health cover for an initial period of 12 months which can be extended to 24 months. However, there appears from the evidence of our case studies to be limited awareness of this provision. This could be implemented through pro-active contact with employers operating on both sides of the border and who potentially have cause to relocate staff in either direction.

*Indicative Exchequer Costs*

Minor exchequer costs would be involved.

*Recommendation 23: Encouragement of increased number of hospitals in North accepting Southern health insurance*

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Encouragement should be given to expanding the number of hospitals in the North accepting Southern health insurance, supported by relevant reciprocal arrangements. This is a commercial matter for private health insurance companies to consider, in that they determine which service providers are to provide services to their members.

*Indicative Exchequer Costs*

No exchequer costs would be involved.

*Recommendation 24: Provision of funding for voluntary North/South organisations providing childcare facilities*

---

Perceptions regarding childcare infrastructure in the North compared to the South represent a potential barrier to labour mobility. We recommend the provision of funding support for voluntary agencies interested in providing North/South childcare facilities in border regions i.e. services that would operate both sides of the border. The rationale is that frontier workers could more easily alter their childcare arrangements to suit their work patterns and that critical mass could be enabled for childcare providers who service a catchment area spanning the border.

*Indicative Exchequer Costs*

We recommend that a sum of around Stg£0.5 million should be allocated for the next financial year. This could involve some reallocation of demand, so this may overestimate the net costs.

*Recommendation 25: Encouragement of applications for funding under Equal Opportunities Childcare Programme*

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The perceptions noted above may in time be changed at least in part by the implementation of the Equal Opportunities Childcare Programme 2000 to 2006 in the South. This program, which is being implemented by the Department of Justice, Equality and Law Reform, will provide funding for the development of childcare initiatives in the South. We recommend the encouragement of applications for funding from the Southern Border Counties under the Equal Opportunities Childcare Programme 2000 to 2006.

*Indicative Exchequer Costs*

This relates to an allocation within existing budgets.

## **HOUSING**

*Recommendation 26: Highlighting of information on regional differences in house prices and tax incentives*

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The cost of housing has emerged as a significant barrier to mobility. The cost of housing in the South has increased dramatically relative to costs in the North reflecting changed economic circumstances. Clearly there are no easy solutions to hand. Undoubtedly, house prices in the South are now higher than in the North but there is too much emphasis on prices in the Dublin area. There is a need for information on regional prices to be highlighted.

*Indicative Exchequer Costs*

No significant additional costs would be involved.

*Recommendation 27: Provision of capital assistance for voluntary bodies for North/South housing initiatives*

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Governments in both jurisdictions provide assistance to voluntary associations to assist in building housing for individuals who meet various criteria. These supply-side schemes are often targeted at particularly vulnerable groups such as the elderly and people with disabilities. We believe there is some merit in the government administrations in NI and in the South developing these initiatives on a cross-border basis. This could involve the provision of capital assistance to voluntary housing bodies who are involved in developing housing on a North/South basis to meet special housing needs, such as those of elderly, homeless, people with disabilities or very low income families. This could assist North/South mobility between these groups by encouraging North/South co-operation.

*Indicative Exchequer Costs*

A joint fund of Stg£2 million is proposed but this may overestimate the net costs.

*Recommendation 28: Consideration of cross-border loan scheme for house purchasers*

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Consideration should be given to introducing a cross-border loan scheme for home purchase. This would apply to low-income individuals wishing to move to the other jurisdiction, subject to certain conditions. The Irish and NI administrations could consider these possibilities further.

*Indicative Exchequer Costs*

The costs of such a scheme could be reviewed as part of the overall consideration of this proposal.

*Recommendation 29: Access to housing lists from residents in both jurisdictions*

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There is a potential issue in relation to local authority housing lists. Local authorities will not permit an individual to be placed on a housing list unless they are actually living in the area. Thus, an individual considering moving between jurisdictions cannot apply to be permitted onto a list until they have *actually* moved. Of course, those living outside the jurisdiction are treated in the same way as individuals living within the jurisdiction. Nonetheless, this could affect mobility and we believe that local authorities should permit access to enter their housing lists from residents in both jurisdictions.

*Indicative Exchequer Costs*

No additional aggregate costs would be involved.

*Recommendation 30: Home Guarantee Bond Scheme should be reviewed to facilitate NI builders*

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The cost of housing is ultimately a function of demand relative to supply and the high costs in the South relative to the North primarily reflect the higher standard of living in the South. Thus, there are no easy solutions to this issue. Increasing the supply of housing is the main policy response of the Irish government and we would clearly support this view. As part of such a policy, we recommend that the Home Guarantee Bond Scheme should be reviewed to see whether changes could be made to facilitate NI builders.

*Indicative Exchequer Costs*

No exchequer costs would be involved.

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## TRANSPORT

### *Recommendation 31: Funding via INTERREG IIIA and through national programmes for cross-border road networks*

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There is an extensive network of cross-border roads all along the border between North and South. A programme of investment was undertaken during the second half of the 1990s, funded by the PEACE and INTERREG II Programmes, to restore and reinstate many of the roads in this network. Further investment is planned under the new INTERREG IIIA Programme for the period 2000-2006 and in Ireland generally under the National Development Plan.

#### *Indicative Exchequer Costs*

The proposed funding should be accommodated within existing expenditure plans, but may require a re-allocation to support this initiative.

### *Recommendation 32: Ongoing co-operation between local authorities in planning of road infrastructure*

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There remains a high level of concern in border areas with the condition of cross-border roads. In many cases the volume of traffic might not justify investment on the basis of standard economic appraisal of cross-benefit analysis, if existing rather than potential future demand is utilised. It is important that the main strategic routes across the border should facilitate easy and speedy access for individuals as well as businesses. Ongoing co-operation between local authorities in border regions and national administrations should involve planning for road infrastructure on an island of Ireland basis.

#### *Indicative Exchequer Costs*

This concerns co-ordination and reallocation within existing national budgets.

### *Recommendation 33: Support for feasibility studies and promotional support for cross-border air services*

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There is currently only one North/South air service between Derry and Dublin. There would be benefits in terms of North/South mobility if a competitive Belfast-Dublin air service was available. We realise, however, the difficulties in developing viable new air links. If in the future any interest emerges from scheduled carriers to consider such a link, support, including co-funding for feasibility studies, promotional support and co-operative support from airport authorities should be forthcoming.

#### *Indicative Exchequer Costs*

Exchequer costs will only be required if interest emerges from carriers. It is recommended that exchequer support for 50% of the costs of feasibility studies should be approved.

### *Recommendation 34: Seed capital support for voluntary cross-border rural bus services*

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There is an extensive network of cross-border services provided by both public and private transport operators. However, many people living in border areas feel that the level of service in rural parts of the border region presents an important obstacle to mobility. We believe that authorities in Northern Ireland and in the South should consider introducing a seed capital fund to support voluntary and other provider groups interested in operating rural bus services in cross-border regions.

#### *Indicative Exchequer Costs*

This would involve exchequer costs of the order of Stg£100,000 per annum.

## **EDUCATION, TRAINING AND EMPLOYMENT**

### *Recommendation 35: All professional and regulatory bodies to ensure mutual recognition of qualifications*

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It is important that there is maximum co-operation on the recognition of qualifications. Firstly, we recommend that all professional and regulatory bodies are encouraged to co-operate to ensure mutual recognition of qualifications.

#### *Indicative Exchequer Costs*

No exchequer costs would be involved, although we recognise that where associated changes in curriculum are required, there is potential for costs to arise.

### *Recommendation 36: Recognition of qualifications in the medical profession*

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Attempts have been made in the health sector to initiate exchanges within a small number of specialities e.g. there is a specific system of exchange of trainees in the area of paediatric surgery, with the training periods recognised in both jurisdictions for the purposes of accreditation. The Co-operation and Working Together Initiative (CAWT) also has a strong agenda to foster co-operation for mutual recognition of professional qualifications. Nevertheless, success to date has been limited to a few specialities where it has been difficult to maintain a programme only in one jurisdiction e.g. neurosurgery and paediatric surgery. Despite their all-Ireland remit, the Royal College of Physicians and the Royal College of Surgeons in Ireland are only able to organise training within the South. Training in Northern Ireland is organised in association with the UK colleges because they are the bodies responsible for providing accreditation. Recognition of qualifications in the medical profession should be instigated jointly by the relevant medical organisations to address such issues, with the involvement of relevant bodies such as CAWT.

#### *Indicative Exchequer Costs*

No exchequer costs would be involved, although this initiative may need to be driven by the relevant government departments.

### *Recommendation 37: Joint accreditation of vocational training courses to be introduced where appropriate*

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An issue of relevance concerning North/South mobility relates to vocational qualifications. For young people entering the labour market, there are significant differences in the way that the transition into work is handled, North and South, in relation to vocational qualifications. The respective merits and nature of each system are not widely understood nor is the cross-border infrastructure in place to support mobility. We recommend that joint accreditation of vocational training courses be introduced.

#### *Indicative Exchequer Costs*

No significant additional exchequer costs would be involved.

### *Recommendation 38: Consideration to be given to harmonisation of competencies and standards encompassed in training courses in both jurisdictions*

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Furthermore, in light of the previous recommendation, it is recommended that consideration be given to harmonisation of the content of training courses.

#### *Indicative Exchequer Costs*

Some one-off modification costs may be involved. This requires further evaluation.

*Recommendation 39: Expansion of mutual recognition of outcomes of vocational training*

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There has been progress in achieving mutual recognition of qualifications in a few trade areas e.g. tool making, electrical and plumbing. This provides a good basis for further work to expand mutual recognition of the outcomes of vocational training in a wide range of subject areas. This will require closer co-operation between the relevant authorities North and South of the border.

*Indicative Exchequer Costs*

No significant additional exchequer costs involved.

*Recommendation 40: Consideration be given to more flexibility regarding access to training allowances*

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Students from the South can access vocational training in the North without a Northern address but cannot access training allowances. Consideration should be given to more flexibility on a North/South basis to the issue of place of residency in obtaining access to training allowances.

*Indicative Exchequer Costs*

This should be accommodated within existing budgets.

*Recommendation 41: Recognition of service periods in both jurisdictions for public sector appointments*

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We recommend that public sector appointments in Northern Ireland and in the South should mutually recognise service periods in the other jurisdiction in deciding on appointments. This recommendation is designed to facilitate increased labour mobility in the public sector and needs to fit within a wider framework of the Treaty of Rome.

*Indicative Exchequer Costs*

No additional exchequer costs would be involved.

## **TELECOMMUNICATIONS, BANKING AND INSURANCE**

*Recommendation 42: All fixed-line and mobile operators to consider introducing same charge for local and national calls*

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In Section IX, Eircom (the largest fixed-line operator in the South) was identified as having the same charges for fixed-line local and national calls within the South and for fixed-line local and national calls from the South to the North. It is proposed that all fixed-line operators in the North and the South should introduce the same charges for local and national calls on the island. In general, it was found that there are not significant differences in non-roaming mobile call charges for between and within jurisdiction calls. However, this was not the case for all mobile operators, and in a number of cases some operators charge more for cross-jurisdiction calls. It is proposed here that all mobile operators should introduce the same charges for calls throughout the island.

*Indicative Exchequer Costs*

No additional exchequer costs would be involved.

*Recommendation 43: Consumer associations to introduce information campaigns on comparative telecommunications charges*

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The issue of understanding mobile phone charges was described in a recent report as ‘a near impenetrable jungle’.<sup>1</sup> Indeed, there exists a plethora of mobile phone call charges within both jurisdictions. The fact that there are different operators in the North and South can lead to increased confusion when considering and comparing call charges across operators. In order to facilitate customers in making price comparisons across operators and identifying the best deals for moving across jurisdictions, consumer associations should introduce information campaigns detailing comparative telecommunication charges.

*Indicative Exchequer Costs*

No significant additional exchequer costs would be involved.

*Recommendation 44: Roaming charges to be examined by appropriate regulatory/competition agencies*

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In Section IX, roaming call charges were identified as being especially high, relative to non-roaming charges. Given the significant costs involved, we believe that roaming charges should be examined by the appropriate regulatory/competition agencies. It should be recognised however that this is not an issue unique to North/South mobility, and is currently being investigated as an issue across all EU countries by the European Commission.

*Indicative Exchequer Costs*

This should be undertaken within existing budgets.

*Recommendation 45: Insurance companies should remove any additional levies on residents travelling between North and South whether for business or personal reasons unless there is clear and quantifiable evidence that they can be justified on underwriting grounds. Further research into the reasons for the difference between the cost of insurance between North and South should be pursued under the auspices of the North/South Ministerial Council*

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Motor insurance costs were identified as an obstacle to North/South mobility and discussed in Section IX. The Study found some evidence that some insurance companies charge higher premiums for persons travelling across jurisdictions for work reasons. This clearly can be considered an obstacle to mobility. Clearly it would facilitate mobility if persons travelling regularly across the border, either for business or for personal reasons, are not charged additional premiums.

*Indicative Exchequer Costs*

No additional exchequer costs would be involved.

*Recommendation 46: All licensed banks in the North and the South providing services to the personal sector should publish comparative information on fees and charges relating to domestic and cross-border transactions.*

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The publication of comparative information on fees and charges relating to domestic and cross-border transactions will facilitate consumers in finding the most cost-efficient approach to cross-border transactions. This is already done in the North through the Banking Code of Practice.

*Indicative Exchequer Costs*

No additional exchequer costs would be involved.

*Recommendation 47: Consumer associations to highlight comparisons of cross-border banking charges*

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In support of the previous recommendation, and to help customers in their comparisons, information campaigns should be introduced in Northern Ireland and the South, in order to highlight a comparison of cross-border charges.

*Indicative Exchequer Costs*

No additional exchequer costs would be involved.

*Recommendation 48: Establishment of North/South Banking Charges Working Group*

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Section IX identified that charges for cross-border banking transactions were in general higher than charges for transactions within jurisdictions. It is recommended that a government led North/South Charges Working Group be established to examine ways in which the banking sector can facilitate North/South labour mobility. This should take place at the highest possible level in both governments.

*Indicative Exchequer Costs*

Some administrative costs may be incurred.

*Recommendation 49: Banks to be requested to consider feasibility of introducing selective standard charges*

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The recommendation in relation to banking charges is that banks should be requested to consider introducing standard charges and fees for selected specific North/South bank charges for the personal sector.

*Indicative Exchequer Costs*

No additional exchequer costs would be involved.

*Recommendation 50: Banks to be requested to consider recognising periods in employment on the island of Ireland basis when processing mortgage applications*

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It has been reported to us that many frontier workers operate dual bank accounts and do not transfer funds between their accounts through the banking system. Cash machines are frequently used to access funds from a bank account in the other jurisdiction. This situation has given rise to perceptions that in certain circumstances individuals have difficulty seeking mortgages or other types of loans or advances from their 'home' bank, where a regular employment income paid into an account in the same bank in the other jurisdiction is not regarded as providing adequate security.

*Indicative Exchequer Costs*

No additional exchequer costs would be involved.

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**Endnote**

1 *The Evolution of Telecom Technologies: Current Trends and Near-Future Implications*, A Report for the Centre for Cross-Border Studies, February 2001.



# I Introduction

## Background to Study

- 1.1 The Northern Ireland Executive Programme for Government was issued in draft in June 2000 and presented in final form in February 2001. The Programme sets out the Executive's plans to address a number of issues, including the need to deliver 'improved, modern, accessible services' in Northern Ireland. As part of this plan, the Programme also identified actions required to support North/South development, including the need to take action to 'remove barriers to living/working North and South' in the island of Ireland.
- 1.2 This is an issue of interest and concern to both North and South. Accordingly, in response to an invitation from the Executive, discussed at the second plenary meeting of the North/South Ministerial Council (NSMC), held in Dublin on 26 September 2000, the Irish government side on the NSMC agreed to co-operate with the Executive in taking forward the Study through a steering group of officials, North and South, which would report to the Council.
- 1.3 In follow-up discussions, it was agreed that the report for the Council should be informed by a study to be undertaken on a consultancy basis under the guidance of the North/South Steering Group of Officials.
- 1.4 PricewaterhouseCoopers (PwC) and Indecon International Economic Consultants were subsequently appointed to undertake the study, which commenced with a Project Initiation Meeting with the Joint North/South Steering Group on 11 January 2001.

## Terms of Reference

- 1.5 The Terms of Reference for this Study, as agreed at the first meeting with the Joint North/South Steering Group, were as follows:
  - To identify the obstacles to the mobility of persons, in either direction, between North and South on the island of Ireland, including;
    - persons living in one jurisdiction and working, or seeking to work, in the other;
    - persons who have lived and worked in one jurisdiction but who either have moved, or wish to do so, to live and work in the other jurisdiction;
    - students whose original residence is in one jurisdiction but who are studying, or wish to do so, in the other jurisdiction; and
    - persons who have lived in one jurisdiction and now live, or wish to do so, in the other jurisdiction, without working for remuneration.
  - To assess the obstacles to the mobility of persons in a number of key areas (including direct and indirect taxation, vehicle importation and registration, social security, pensions, health, education, training, recognition of qualifications, employment law, housing, childcare, telecommunications, banking, insurance, transport services and any other significant legal, regulatory or administrative barriers); and
  - To consider and recommend ways in which these barriers might be eliminated or overcome by the public and private sectors, as appropriate, in both jurisdictions.
- 1.6 This Study also takes place in the context of the aspirations of the European Union to promote freedom of movement throughout the Member States. This aspiration received a new impetus at the Stockholm European Council in March 2001 which stressed the importance of encouraging greater mobility of labour within the Union as a means of supporting the strategic goal of becoming 'the most competitive and dynamic knowledge-based economy in the world.' It is envisaged that on the basis of the work, currently under way, of a high level task force on skills and mobility, the European Commission will present an Action Plan for developing and opening up new European labour markets for the 2002 Spring European Council.

- 1.7 In the next Section of this report we present our approach to undertaking the work involved in this Study.
- 1.8 This has been a challenging and wide ranging Study covering a number of different issues and sectors. It is important to note that the position in relation to specific regulations, policies and commercial response is constantly changing and this needs to be recognised in reviewing this Study.
- 1.9 The consultancy team would like to acknowledge the assistance and co-operation provided to the team by the steering group and by numerous individuals, government departments, representative organisations and private sector companies. The usual disclaimer applies and the analysis in this independent report is the sole responsibility of PricewaterhouseCoopers and Indecon International Economic Consultants.

## II Methodology

### Overview of Our Approach

2.1 The diagram below summarises our approach to this Study which took place over a five month period from January to May 2001.

*Stage 1 : Project Initiation*

*Stage 2 : Research Programme*

- Scoping workshop
- Statistical and other secondary research
- Placing of advert inviting submissions
- Circulation of Base Information Return
- Contact with Government Departments
- Interview programme
- Survey of Recruitment Agencies
- Company case studies
- Individual case studies
- Expert working papers
- Public meetings

*Stage 3 : Reporting*

- Progress Reports
- Draft Final

2.2 During the course of the Study we had a number of meetings with the Joint Steering Group and the consultancy team are grateful for the advice and support provided by the Steering Group under its joint chairs – Mr Dick Mackenzie, Joint Secretary to the North/South Ministerial Council, and Mr Walter Kirwan, Department of the Taoiseach.

2.3 In the following paragraphs we describe briefly the work undertaken as part of the Research Programme for this Study.

### Research Programme

2.4 **Scoping Workshop** – The purpose of this workshop, which took place at the Hilton Hotel, Belfast on 9 February 2001, was to allow the Joint Steering Group and other key stakeholders the opportunity to have an initial brainstorm of the main areas where obstacles to mobility occur, what work had already been undertaken and what were likely to be the most fruitful areas for solutions. A total of 37 persons attended and the results of the discussion are attached at Appendix A to this report.

2.5 **Statistical and other secondary research** – In order to put the Study in context we undertook a review of all the statistical evidence available on the scale of mobility between North and South. The results are incorporated into Section III dealing with the context and scale of mobility. We have also reviewed an extensive number of documents including various reports on selected aspects of mobility. A list of the main documents is provided at Appendix G.

- 2.6 **Placing of public advertisement** – an advertisement inviting individuals and organisations to express interest in making a submission to the Study team was placed in the major national and local newspapers during the week commencing 12 February 2001. Over 300 requests were received and all were sent a Base Information Return for completion. A copy of the public advertisement is attached at Appendix G.
- 2.7 **Circulation of Base Information Return (BIR)** – the Base Information Return was sent to all those who had expressed interest in response to the public advertisement. In addition, it was pro-actively mailed to a number of target groups including government departments, representative bodies, employer representatives, trade unions and other interested parties. Including government departments contact was made with over 100 bodies and organisations. A further round of contact was initiated with these bodies to ensure a high response rate. Interviews were also conducted with many of these organisations. Details of the interview programme are set out in paragraph 2.11. A total of 81 completed BIRs were received and analysis of these returns is incorporated in Section IV of this report.
- 2.8 **Contact with government departments** – there was on-going contact with government departments and the consultancy team via the steering group. In addition the consultants felt it was important to pro-actively contact government departments. As a result, a letter requesting completion of the Base Information Return or other submissions was sent to all government departments, North and South. Departments were also invited to meet the consultants if they wished to make a more detailed input. Several departments accepted this opportunity and others were contacted by telephone. All departments were then provided with a copy of the draft final report by the NSMC and were given the opportunity for comment. These comments were received during the week beginning 5 November and have been reflected in the final report.
- 2.9 In the South we have had contact with the following relevant government departments:
- Department of the Taoiseach
  - Department of Finance
  - Department of Agriculture and Food
  - Department of Public Enterprise
  - Department of Enterprise, Trade and Employment
  - Department of Marine and Natural Resources
  - Department of Social, Community and Family Affairs
  - Department of Tourism, Sport and Recreation
  - Revenue Commissioners
  - Department of Health and Children
  - Department of Arts, Heritage, Gaeltacht and The Islands
  - Department of Education and Science, and
  - Department of Environment and Local Government.
- 2.10 In the North we have had contact with following relevant government departments:
- Department of Finance and Personnel
  - Department for Social Development
  - Department of Higher & Further Education, Training & Employment
  - Department of Culture, Arts and Leisure;
  - Department of the Environment

- Department for Regional Development
  - Department of Education
  - Department of Health, Social Services & Public Safety
  - Department of Enterprise, Trade & Investment
  - Department of Agriculture & Rural Development, and
  - Office of the First Minister & Deputy First Minister.
- 2.11 **Interview Programme with other representative bodies** – as already indicated we pro-actively mailed the Base Information Return to over 100 representative bodies and received 21 completed responses. Follow-up meetings were conducted with a number of these including the Pensions Board in Dublin, Irish Congress of Trade Unions, InterTradeIreland and the EURES Cross-border Employment Service. Given the interest in the various banking and telecommunications obstacles identified to date and corresponding solutions, we also made contact with representatives of the banks and telecommunications companies, North and South.
- 2.12 **Survey of Recruitment Agencies** – given the importance of mobility in the labour market to this Study, we undertook a survey of recruitment agencies. 16 agencies completed the survey. This included 5 in the North and 16 in the South with 5 operating in both North and South. It also covered agencies recruiting at both management and operative level. This is a representative sample of agencies operating on the island. The survey details and the results are incorporated in our analysis of returns in Section IV.
- 2.13 **Company Case Studies** – in order to illustrate the obstacles to mobility we undertook a number of company case studies. These were based on in-depth interviews with the Managing Director/Operations Director and/or Human Resources Director/Manager of each of the organisations. The table below illustrates the sectors of each of the organisations which were also chosen to reflect a variety of locations. In addition to our commitment to complete six company case studies, we undertook a further two case studies to give a total of eight. The detailed case studies are attached at Appendix C.

**Table 2.1: Company Case Studies**

<i>No.</i>	<i>Sector</i>
1	Manufacturing
2	Manufacturing
3	Software
4	Construction
5	Health and Social Care
6	Professional Services
7	Financial Services
8	Food Processing

- 2.14 **Individual Case Studies** – we also undertook a number of individual case studies using a common format. The level of interest in participating in the individual case studies was such that 19 individual case studies were completed relative to our commitment of six. The categories of individuals interviewed included the following:
- An individual living in the South and working in the North;
  - An individual living in the North and working in the South;
  - A student from the North studying in the South;
  - Individuals from the South now living and working in the North;
  - Individuals from the North now living and working in the South;
  - A retired individual from the North now living in the South; and

- Unemployed individuals living in border regions who were job-seeking in either jurisdiction.

2.15 The EURES cross-border employment service and NI Association of Citizens Advice Bureaux (NIACAB) were helpful in identifying unemployed and/or job seeking individuals to participate as individual case studies. In addition, the EURES cross-border employment service also arranged for individuals undergoing employment-oriented training in border regions to participate in three focus groups in Enniskillen, Clones and Carrickmacross. The detailed individual case studies and the summaries of each of the focus groups are attached at Appendix D.

2.16 The company and individual case studies have been prepared solely for the purpose of this Study. They should not be used for any other purpose. The case studies reflect the position as represented by the companies and individuals at the time of interview. It is not feasible within the scope of this project to independently evaluate the specific personal or commercial circumstances of each company or individual participating in the case studies. This should be noted in considering the views and perceptions of organisations that are included. Nevertheless, views and perceptions are important in influencing mobility between the two jurisdictions.

2.17 **Expert Working Papers** – an important element of our work programme has been the preparation of three working papers. These were designed to inform the Study on technical issues and to set out the current situation in the following areas:

- Taxation and social security;
- Employment law and recruitment practice; and
- Education and training.

Copies of the three papers are attached at Appendix E. These papers are not intended to provide an exhaustive and complete analysis of what are very broad areas of investigation but rather to provide specialist input on key issues to the main report.

2.18 **Public meetings** – two public meetings were held in Carrickmacross on 16 May 2001 and in Omagh on 29 May 2001 to allow individuals and organisations in border areas to discuss their views on obstacles and solutions to mobility issues. The results of these discussions are summarised at Appendix F and are referenced in the main report under the relevant Sections.

## III The Context and Scale of North/South Mobility

### Introduction

3.1 This Section introduces the wider European context relating to mobility. It then progresses to review the available statistical evidence on the extent of North/South mobility. All available data and evidence have been sourced and evaluated in order to establish the extent of this mobility. Principal sources included the annual Labour Force Surveys and various Census Reports. Other sources included the Revenue Commissioners, who provided estimates on the number of frontier workers, and various educational establishments who provided data on student enrolments. Factors affecting mobility will also be discussed in this Section.

### European Developments

#### Labour Mobility Trends in the EU

- 3.2 Increasing the mobility of workers within the European Union by minimising the obstacles to mobility is a policy of high priority for all EU institutions. According to Article 18 Item 1 of the Treaty establishing the European Community (ECT) ‘Union citizens have the right to move and reside freely within the territory of the Member States...’. This right is an essential part of Union citizenship.
- 3.3 Free movement includes the right to work in all Member States under the same conditions as citizens of those States. Indeed, the ‘freedom of movement for workers’ (Article 39 item 1 ECT) was guaranteed earlier than Union citizenship. It is one of the four founding ‘freedoms’ of the Single European Market and consequently, freedom of labour is one of the guiding principles that govern the operation of the European Union.
- 3.4 For over 30 years, there has been a range of policy initiatives to encourage the mobility of persons within Member States. This has involved, inter alia, concerted efforts to break down obstacles to mobility while improving co-operation between governments. These initiatives include agreements such as mutual recognition of qualifications and co-ordination of social security systems.
- 3.5 The European Employment Strategy, which has been developed following the Amsterdam Treaty of 1997, emphasises the importance of using all possible measures to increase the level of employment across Member States. A high level of geographical mobility is seen as contributing to this goal.
- 3.6 Some progress has been made in encouraging mobility of persons within the EU but a recent study of intra-EU labour mobility<sup>1</sup> recognised that mobility in the EU is much lower when compared to Federal States such as the United States or Australia, despite the fact that every EU citizen has the right of free movement within the EU. This reflects linguistic and cultural factors but also barriers that could be addressed by European-wide action.
- 3.7 There are two distinct types of labour mobility:
- **Migrant Workers** – these are EU citizens who move from their country of origin, with or without their family, to live and work in another EU country either permanently or for a limited period of time; and
  - **Frontier Workers** – these are workers who live in one jurisdiction but who travel to work in another jurisdiction on a daily or weekly basis.
- 3.8 In relation to *migrant workers*, there is relatively little transnational mobility. A recent OECD study<sup>2</sup> estimated that only 5.5 million citizens, or 1.5% of the total population, have opted to settle in another country. These include persons moving for retirement- or education-related reasons. This compares with inter-state migration rates of 3% in the USA. Within the EU there is some variation between countries. The labour mobility studies quoted above report rates of 0.6% in Spain, 1.2% in Germany and 1.6% in the UK. Later in this Section we estimate mobility between the North and South of Ireland.
- 3.9 According to our research, there are no recent EU-wide figures compiled on the basis of a standardised

harmonised system, on the extent of cross-border mobility of *frontier workers* within the EU. No accurate figures have been collected by the European Union, the OECD or the Council of Europe. On a national level, no comparable periodic surveys are carried out in the various EU countries.

- 3.10 The data available mainly comes from the processing of figures provided by social security and population censuses for individual Member States. However, Social security sources have one major limitation: they underestimate the actual number of frontier workers. It must be kept in mind, for example, that in some countries employees earning more than a given maximum or less than a given minimum are not subject to compulsory health insurance and are therefore not included in the statistics (as is the case in Germany and the Netherlands).
- 3.11 The most recent estimate of frontier workers in the EU came from a Commission Working Paper prepared in 1997.<sup>3</sup> This estimated that there was on average a total of 380,000 frontier workers in Western Europe over the period 1990-1995. This figure, which was arrived at from a variety of sources, accounts for only 0.26% of the total working population. Later in this Section we provide estimates of the number of frontier workers in Northern Ireland and the South.

### **Initiatives to Improve Cross-Border Mobility**

- 3.12 The Amsterdam Treaty of June 1997 provided a new impetus to improve labour mobility within the EU. At the Spring European Council (Stockholm 2001), a strategy to promote the development of a more integrated European labour market was discussed. The first stage in this strategy is the implementation and completion of the first set of key policy actions. The second stage is based on the establishment of a Skills Mobility Task Force. The key policy goals by 2005 are as follows:
- To remove the main remaining barriers to the development of European labour markets;
  - To ensure that the European labour markets are attractive, efficient, open to all, with access to all;
  - To ensure the effective development and utilisation of the potential European workforce, especially for effective matching of skills supply and demand; and
  - To maximise the potential of the internal market by ensuring a harmonious development between the integration of product and capital markets, and a modern highly skilled labour market.
- 3.13 Under the first stage there is a range of proposed policy actions designed to address identified obstacles:
- The Commission will present in 2002 proposals for a more uniform, transparent and flexible regime of professional recognition based on the existing general system;
  - The Commission will, in co-operation with the Member States, develop an improved system for exchanging information on best practices in the area of education and training systems;
  - There are proposals to eliminate obstacles to the cross-border provision of supplementary pensions; and
  - The Commission will present a proposal on Portability of Supplementary Pensions before the end of 2001.
- 3.14 There is also recognition that the provision of information must be improved:
- The Commission is to produce before the end of 2001 a study on the feasibility of establishing a one-stop European mobility information site, working with national and local governments, employment services and other relevant organisations; and
  - The Commission is to run an information campaign, in co-operation with the social partners and Member States, making full use of existing and familiar instruments, such as EURES and Dialogue with Citizens.

- 3.15 The second stage in the European Council's strategy to promote the development of a more integrated European labour market was the creation of a high-level Skills and Mobility Taskforce. This Taskforce held

its first meeting in June 2001. In welcoming the establishment of the Taskforce, and on the occasion of its first meeting, Commissioner Diamantopoulou stated: 'The Commission is looking forward to this Taskforce to provide a fresh view on the way in which the new pan-European labour markets are emerging, and what measures are needed at various levels to remove barriers to these labour markets by 2005, making them open to all, with access for all'. The three main objectives of the Taskforce are as follows:

- To identify the main drivers and characteristics of the new European labour market, with a particular focus on skills gaps at various levels and mobility;
- To identify the main barriers to the further development of these European labour markets, in particular in the areas of skills and mobility and to review and exploit any good practice experience elsewhere; and
- To report with a set of policy initiatives required to ensure these markets are open to all, with access for all by 2005 and recommendations for implementation at European and national levels.

- 3.16 The Taskforce draws on expertise from leaders of European business, labour markets and education experts and on the relevant findings of EU research in this field. The Taskforce will report back to the Commission by December 2001. On the basis of this Taskforce report, the Commission will put forward a Mobility Action Plan to the Spring Council 2002. The Action Plan will propose a set of further policy initiatives and recommendations to improve labour mobility.
- 3.17 This concerted European effort to address issues of mobility will provide an important framework for any initiatives that take place at national level between the UK and Ireland. Any recommendations arising from this Study need to be seen in this context.
- 3.18 At a national level, the particular importance placed on cross-border co-operation by the EU is already marked by the inclusion of a Common Chapter in both the National Development Plan for Ireland and the European Structural Funds Plan for Northern Ireland. The aim of this priority (North/South and wider co-operation) is to contribute to making Northern Ireland/Ireland outward looking regions through the promotion of co-operation, co-ordination of specific actions, and exchange of and exposure to ideas and expertise across existing boundaries.
- 3.19 Northern Ireland and the border counties of Ireland will also be eligible for further cross-border funding through PEACE II and INTERREG IIIA. Priority 5 of the PEACE II is dedicated to Cross-border Co-operation. The overall aim of this priority is to promote economic, social and cultural cross-border co-operation and to provide a strategic framework for support to cross-border initiatives and projects that will make a positive contribution to peace-building, reconciliation and greater mutual understanding. More specifically it will address labour mobility obstacles such as infrastructural constraints and will support the development of joint initiatives, policies and actions for sectoral service development in areas such as health and social services and education. INTERREG IIIA for NI/Ireland will address economic, social and community cohesion, physical infrastructure development, all of which can foster better co-operation between the two jurisdictions. To a lesser extent LEADER+ and EQUAL in Northern Ireland and Ireland will support cross-border co-operation between the North and South of Ireland. They will include provision for transnational co-operation and networking.

### **Obstacles to Mobility Encountered on a European Basis**

- 3.20 Although freedom of movement of labour exists in legal terms within the Single European Market, it is clear from the research that we have carried out as part of this Study that borders are still barriers that divide national labour markets from each other. Many of the barriers encountered between Ireland and Northern Ireland are experienced in other border areas of the Community.
- 3.21 In addition to the Commission approach, specific research and responses have been initiated to identify solutions in adjacent EU regions. For example, at a conference held at Queen's University in September 2000 on Cross-Border Co-operation, reference was made to various instruments used to facilitate cross-border and inter-regional co-operation in a number of European locations. Some of the instruments are 'informal' and therefore require no specific laws. Other instruments are formal and require special laws, associated structures and delegated responsibilities.
- 3.22 A distinction can be made also in relation to inter-regional cross-border relations which can be at two levels:

- State/regional co-operation; and
  - Regional/local authority co-operation.
- 3.23 State/regional co-operation relies mostly on inter-state treaties which are implemented by the respective governments for example in the following cases:
- Barriers exist for cross-border workers on the Belgian/French border. For example, statutory deductions are higher in France than in Belgium as a result of heavy taxation and social security costs. A suggested solution has been to enable compensation in the country of residence;
  - Across the German/Austrian border, barriers exist regarding the mutual recognition of teaching and professional qualifications due to the different content of the programmes. There is now a drive to standardise content and to lobby for amendment to national/bilateral regulations;
  - Across the German/Dutch border, studies with cross-border workers have demonstrated a definite lack of information available on the differences between tax, social law and training in the two jurisdictions. A lack of networking between the relevant authorities was the main factor contributing to this problem and recommended solutions included amending national/bilateral regulations and increased training and exchanges of civil servants;
  - Across the German/Dutch border, an individual who has worked and paid tax all their working lives in one jurisdiction and moves on retirement to the other jurisdiction is no longer entitled to healthcare in their previous country of employment. Again there is a drive to amend the relevant European regulations;
  - Across the Belgian/French border, French cross-border workers do not have the right to paid parental leave due to existing conditions of residence regarding statutory rights. A recommended solution was to establish a bilateral reciprocity agreement; and
  - Across the Belgian/Dutch border, the possibility of choice in medical care is removed upon retirement with the retired individual no longer being able to choose between the Netherlands or Belgium. A recommended solution to this problem was to amend the EU regulations and referral to the relevant industrial tribunal.
- 3.24 Closely related to the above, co-operation can be achieved in decentralised States, where the regional level has quasi-state power, for example in the case of the German Federal Länder which is implemented through the ARGE–ALP or the Alpen Adria Working Group.
- 3.25 Regional/local authority cross-border co-operation can take various forms and can arise spontaneously in response to a need or gradually over time. For example, the Dutch–German EUREGIO arose from the evolution of cross-border co-operation, becoming the first cross-border euro-region in 1958. The legal basis for this form of co-operation did not take place until 1981.
- 3.26 The euro-region approach represents a particular model for cross-border co-operation by regional and local authority bodies. Euro-regions are formally constituted, with committee structures and appropriate representation drawn from elected representatives, social and economic partners. This approach is a particularly ‘mature’ form of cross-border co-operation and has been actively encouraged by the EU through support from programmes such as INTERREG.
- 3.27 Co-operation has developed within EUREGIO to the point where EU authorities cite it as a model for cross-border co-operation in Europe.
- 3.28 In relation to the often quoted cross-border co-operation example in the Danish–German border region this goes back to events in the 1920s. It was only however, in 1977 that a Danish-German Forum was established with the aim that politicians and local authority officers from the Danish and German sides should meet to discuss topics of common interest.

## The Role of the EURES Network

- 3.29 The European Employment Services network (EURES) was originally set up to implement Article 40 of the EC Treaty requiring the European Council to adopt ‘the necessary measures with a view to implementing freedom of movement for workers’. EURES Partnerships have now been established in border areas throughout the EC. Partners in the network include public employment services, trade unions and employer organisations. The function of the Partnerships is primarily to provide information, advice and guidance to potentially mobile workers on job opportunities and living/working conditions across the EU. In addition, the partnerships assist employers to recruit workers from other countries and provide particular advice and guidance to workers and employers in cross-border regions.
- 3.30 The EURES partnership covering Northern Ireland and the six southern Border Counties was established in 1997. The membership of the partnership includes An Foras Aiseanna Saothair (FAS-Training and Employment Authority), Training and Employment Agency, Chamberlink EEIG: Chambers of Commerce of Ireland and Northern Ireland Chambers of Commerce and Industry, the Confederation of British Industry, the Irish Business and Employers Confederation and the Irish Congress of Trade Unions. In Northern Ireland this partnership is part of the wider work of the T&EA European Employment Service under EURES, which deals with vacancies throughout the European Union. To date the partnership has:
- established a network of trained Euroadvisers on both sides of the border who provide information, advice and placement service for job-seekers and employers interested in cross-border working or recruitment;
  - facilitated the exchange of job vacancies between T&EA job centres and FAS placement services offices;
  - carried out research on obstacles to labour mobility and cross-border vocational training;
  - developed a database of vocational training opportunities in the region; and
  - attended University job fairs in the region to provide advice on cross-border working and training.
- 3.31 It is clear that there are a range of policy initiatives at an EU level that will help to improve mobility across Europe and will address some of the barriers that affect North/South mobility. This Study will therefore be a useful input to that wider debate. Moreover, a number of the problems identified in this Study are known to policy-makers and some of our recommendations are in areas where progress is the subject of on-going discussions. The next Section will discuss the relative importance of a number of potential obstacles to mobility on the basis of survey work undertaken as part of this assignment.

## Areas Identified for Co-operation by the NSMC

- 3.32 In addition to the European dimension, North/South co-operation in the areas of education, health and transport is within the remit of the North/South Ministerial Council. Any actions in these areas by the NSMC will therefore have a bearing on future mobility within the two jurisdictions.
- 3.33 Strand Two of the Good Friday Agreement required that at least six areas were to be identified and agreed for co-operation by way of new North/South implementation bodies and six through the mechanism of existing bodies in each separate jurisdiction. These six areas were confirmed by the NSMC at its Inaugural Plenary Meeting and included Transport, Agriculture, Education and Health. Effectively, in these areas, common policies and approaches will be agreed in the NSMC but implemented separately in each jurisdiction.
- 3.34 Actions taken to date by the NSMC in these areas are discussed under the relevant Section headings and include for example: the identification of opportunities for co-operation in relation to Strategic Transport Planning and the establishment of Joint Working Groups in the fields of Education to consider such areas as Special Education Needs, Teaching qualifications and School, Youth and Teacher Exchanges.

## Extent of North/South Mobility

- 3.35 This Section reviews the extent of North/South mobility. The available data were used in order to provide as comprehensive a picture as possible of mobility between the North and South of Ireland. In some cases, however, data are available in one jurisdiction only. In addition, data at a regional level provide the most interesting insights on a number of issues in order to highlight the differences along the border area. However, in respect of a number of issues examined regional data are not available. The available data on the movement of persons between both jurisdictions is provided by the annual Labour Force Surveys published by the Department of Enterprise, Trade and Investment in Northern Ireland.

## Migration Flows

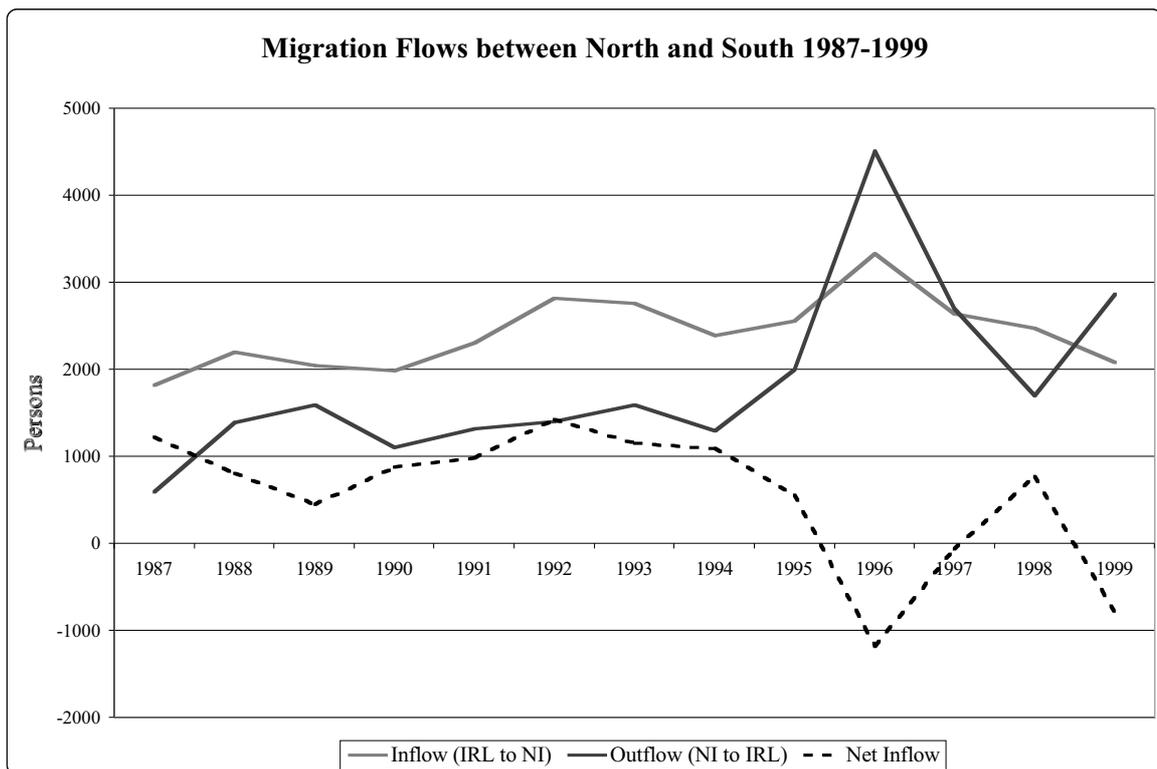
- 3.36 Table 3.1 presents data on migration flows between North and South from 1987 to 1999. As the data are sourced in Northern Ireland, the number of people migrating to the North from the South is reported as an 'inflow' while the number migrating from the North to the South is given as an 'outflow'. The 'net inflow' represents the difference between the two series.

**Table 3.1 Migratory Flows between the North and the South from 1987 to 1999**

	<i>Inflow</i> <i>(IRL to NI)</i>	<i>Outflow</i> <i>(NI to IRL)</i>	<i>Net Inflow</i>
<b>1987</b>	1,824	594	1,230
<b>1988</b>	2,201	1,391	810
<b>1989</b>	2,048	1,599	449
<b>1990</b>	1,992	1,106	886
<b>1991</b>	2,308	1,324	984
<b>1992</b>	2,824	1,400	1,424
<b>1993</b>	2,757	1,600	1,157
<b>1994</b>	2,390	1,300	1,090
<b>1995</b>	2,555	2,000	555
<b>1996</b>	3,332	4,510	-1,178
<b>1997</b>	2,641	2,700	-59
<b>1998</b>	2,474	1,700	774
<b>1999</b>	2,079	2,874	-795
<b>87-99 Avg</b>	2,417	1,854	564
<b>87-94 Avg</b>	2,293	1,289	1,004
<b>95-99 Avg</b>	2,616	2,757	-141

Source: DETI

- 3.37 The data in Table 3.1 show that the average inflow to the North from the South between 1987 and 1999 was 2,400 persons. For the latter part of this period between 1995 and 1999, the annual average inflow was slightly higher at 2,600 persons. This compares with an average annual flow over the period 1987 to 1994 of almost 2,300 persons. These data suggest a marginal increase in annual flows to the North from the South in recent years up to 1999 (though the average is raised by the high level in 1996).
- 3.38 Table 3.1 also shows the number of people migrating from the North to the South (Outflow). While the flow from the North to the South averaged 1,900 persons over the period 1987 to 1999, the data show a marked difference pre- and post-1995. In the period 1987-1994 the average annual flow of persons from North to South was just 1,300, increasing to 2,800 in the period 1995-1999.
- 3.39 In summary, the data show that there was a consistent *net inflow* of people from the South to the North before 1996. However, this pattern has been reversed in recent years when there has been a net outflow from North to the South in three of the four years 1996 to 1999. These trends are represented in the chart below.



3.40 The above analysis focuses on the actual numbers moving between jurisdictions. It is also interesting to establish how significant these flows are as a proportion of the total level of migration in and out of both jurisdictions. Table 3.2 reports the position for the North. It shows the inflow of migrants to the North from the South as a proportion of the total number of persons migrating to the North. Also presented is the total gross outflow from the North to the South as a proportion of all persons leaving the North.

3.41 Over the period 1987 to 1999, the number of people migrating to the North from the South as a proportion of total migrant inflows into the North has been consistently close to the average over the period of 14%, though it fell slightly to 11% in 1999. Thus, for persons in the South when compared with other possible destinations, the North's relative attractiveness as a destination has remained broadly constant over this period.

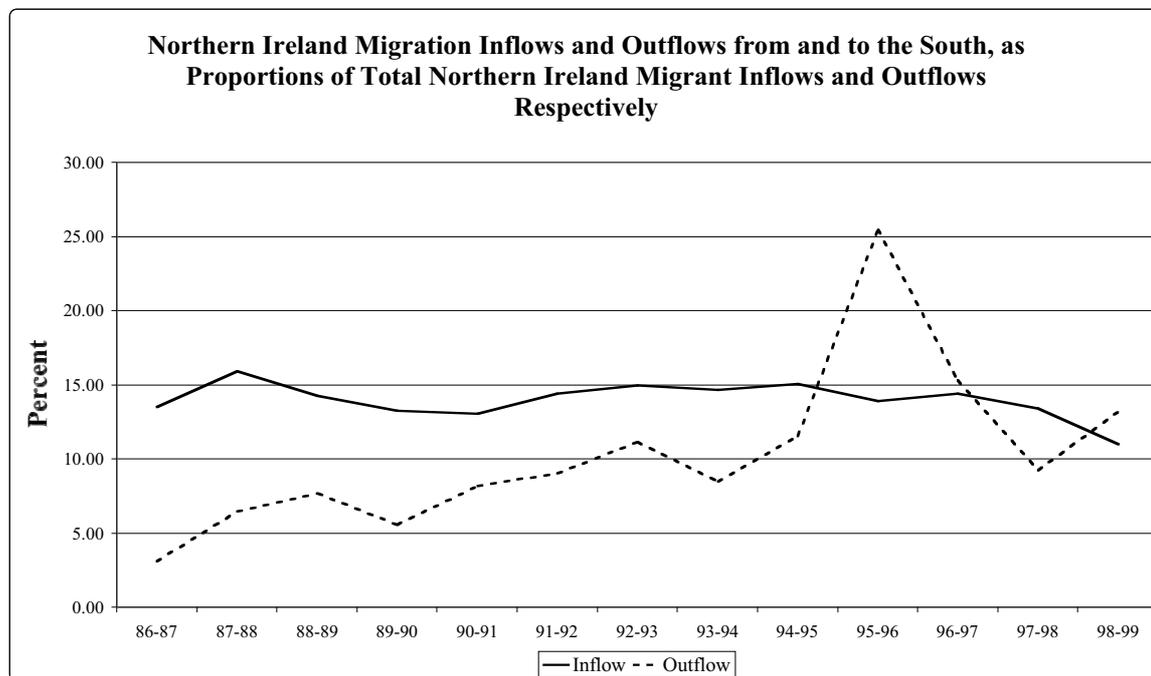
**Table 3.2 Northern Ireland Migration Inflows and Outflows from and to the South, as Proportions of Total Northern Ireland Migrant Inflows and Outflows Respectively**

	<i>Inflow</i>	<i>Outflow</i>
1987	13.5%	3.1%
1988	15.9%	6.5%
1989	14.2%	7.7%
1990	13.2%	5.6%
1991	13.1%	8.2%
1992	14.4%	9.10%
1993	14.9%	11.1%
1994	14.7%	8.50%
1995	15.1%	11.6%
1996	13.9%	25.5%
1997	14.4%	15.3%
1998	13.4%	9.2%
1999	11.0%	13.2%
<i>Avg</i>	<i>14.0%</i>	<i>10.4%</i>

Source: DETI

3.42 On the other hand, the flow of migrants from the North to the South, as a proportion of the total outflow of migrants from the North, has varied considerably over the period. The proportion of emigrants who leave

the North for the South is on average 10.4% over the whole period. However, the average is 7.5% for the period 1987 to 1994, increasing to 15% between 1995 and 1999. These data suggest that there was a peak in 1996 when a quarter of all those emigrating from the North went to the South. This clearly shows that the South is now a relatively more attractive destination for Northern residents than in the past. The trends in these proportions are represented in the chart below.



3.43 Comparable data for the South for the period 1995-1999 are included in Table 3.3. They show outflows and inflows to and from the North as a proportion of the total number of persons moving out of and into the South. These data are somewhat erratic but show that the North is less important in explaining Southern migratory flows than vice versa.

**Table 3.3 South Migration Inflows and Outflows from and to Northern Ireland, as Proportions of Total South Migrant Inflows and Outflows Respectively**

	<i>Inflow</i>	<i>Outflow</i>
<b>1995</b>	6.4%	7.7%
<b>1996</b>	11.5%	10.7%
<b>1997</b>	6.1%	9.1%
<b>1998</b>	3.9%	11.7%
<b>1999</b>	6.1%	7.2%

Source: Central Statistics Office.

3.44 This is not surprising given the respective population sizes. Table 3.4 presents the populations of the North and the South for selected years. Data for the South are from the Central Statistics Office while the data for Northern Ireland are mid-year population estimates from the Northern Ireland Statistics and Research Agency. The table shows that over the period 1981 to 1996, the ratio of the population in Northern Ireland to the population in the South increased slightly from 44.8% to 46%.

**Table 3.4 Population Estimates for Northern Ireland and the South for Selected Years**

	<i>North</i>	<i>South</i>	<i>North/South</i>
<b>1981</b>	1,543,000	3,443,405	44.8%
<b>1986</b>	1,573,500	3,540,643	44.4%
<b>1991</b>	1,607,300	3,525,719	45.6%
<b>1996</b>	1,669,100	3,626,087	46.0%

Source: CSO Census Data 1996, Northern Ireland Statistics and Research Agency, and Indecon Calculations.

Note: More recent data are available from the annual surveys but the Census data are used in this part of the analysis

- 3.45 In summary, annual migration data show that mobility between both jurisdictions has increased in recent years. The data also shows that this level of mobility is comparatively low when compared to overall populations and to overall levels of migration from the two areas. Finally, the data show that the direction of these flows has altered with a net inflow into the South recorded in recent years.

### Census Data

- 3.46 We also examined the available Census data to assess whether they can add to our understanding of North/South mobility. Useful information is available from the Census in the South. Unfortunately, it is our understanding that comparable data are not available in the North.
- 3.47 Table 3.5 considers the number of persons aged one year or over and usually resident in the South, whose usual residence one year previously was in the North. In essence this table shows the level of migration to the South from the North in the Census year and, as such, is comparable to the annual labour force survey data reviewed in the previous Section. Once again it shows that the flows are not significant, compared to the total population.

**Table 3.5 Persons Aged One Year or Over and Usually Resident in the South, Whose Usual Residence One Year Previously was in Northern Ireland**

	<i>Total</i>	<i>Male</i>	<i>Female</i>
<b>1981</b>	2,570	1,353	1,217
<b>1986</b>	1,188	588	600
<b>1991</b>	1,490	724	766
<b>1996</b>	2,219	1,057	1,162

Source: Census Data

- 3.48 Table 3.6 presents the equivalent information from the Northern Ireland Statistics & Research Agency for the 1991 Census in the North. The data shows the number of persons usually resident in the North who within one year preceding Census day in Northern Ireland, had their usual residence in the South.

**Table 3.6 Number of Persons Usually Resident in Northern Ireland who Within One Year Preceding Census Day in Northern Ireland, Had Their Usual Residence in the South**

	<i>Total</i>	<i>Male</i>	<i>Female</i>
<b>1991</b>	1,458	661	797

Source: Northern Ireland Statistics & Research Agency.

- 3.49 There are also available data on the number of persons enumerated in the South on the day of the Census whose residence is usually in the North. The data is presented in Table 3.7 for the four Census years in the South since 1981 i.e. visitors present on census night. They show that the number of persons enumerated in the Southern Census and resident in Northern Ireland fell from 1,688 in 1981 to 1,393 in 1986. Since then, there has been an increase to 2,705 persons in 1996. This pattern is consistent across both males and females.

**Table 3.7 Persons Enumerated in the Southern State Census and Resident in Northern Ireland**

	<i>Total</i>	<i>Male</i>	<i>Female</i>
<b>1981</b>	1,688	816	872
<b>1986</b>	1,393	655	738
<b>1991</b>	1,622	734	888
<b>1996</b>	2,705	1,258	1,447

Source: Census Data 1981, 1986, 1991 and 1996.

- 3.50 Table 3.8 presents the above data as a proportion of the total number of persons enumerated on the day of the Census and having their usual residence outside the State. The data show that this proportion decreased from 10.3% to 7% over the period 1981 to 1991, but increased to 9.2% in 1996.

**Table 3.8 Persons Enumerated in the South and Resident in Northern Ireland as a Proportion of Total Persons Enumerated in Ireland and Living Outside of the South**

	<i>Total</i>	<i>Male</i>	<i>Female</i>
<b>1981</b>	10.3%	9.6%	10.9%
<b>1986</b>	8.7%	7.9%	9.5%
<b>1991</b>	7.0%	6.2%	7.7%
<b>1996</b>	9.2%	8.5%	9.8%

Source: Central Statistics Office Census Data 1981, 1986, 1991 and 1996, and Indecon Calculations.

- 3.51 Finally, the Census provides information on the number of persons who are usually resident in the South and who were born in the North. This is reported in Table 3.9 below. The data are presented for the Southern Census years of 1986, 1991 and 1996 and disaggregated by gender. These ‘stock’ data provide a more long-term picture and reveal that the number of people born in the North and resident in the South is broadly constant between 1986 and 1991 but increased in the five years to 1996. Given the trends since then, it can be assumed that this number will be higher when the next Census is taken.

**Table 3.9 Persons Usually Resident in the South and Born in Northern Ireland**

	<i>Total</i>	<i>Male</i>	<i>Female</i>
<b>1986</b>	35,643	16,779	18,864
<b>1991</b>	35,007	16,481	18,526
<b>1996</b>	39,567	18,686	20,881

Source: Central Statistics Office Census Data from 1986, 1991 and 1996.

- 3.52 Table 3.10 presents those born in Northern Ireland as a proportion of the population normally resident in the South. These are fairly constant at about 1% of the total population.<sup>4</sup> Overall, persons born outside the South make up 7.5% of the total population according to the 1996 census.

**Table 3.10 Proportion of the Population Usually Resident in the South who were Born in Northern Ireland**

	<i>Total</i>	<i>Male</i>	<i>Female</i>
<b>1986</b>	1.01%	0.95%	1.07%
<b>1991</b>	1.00%	0.94%	1.05%
<b>1996</b>	1.09%	1.04%	1.14%

Source: Central Statistics Office Census Data from 1986, 1991 and 1996, and Indecon Calculations.

- 3.53 We quoted figures earlier for average mobility across Europe of around 1.5%. The percentages quoted in Table 3.10 above suggest that mobility between the North and South of Ireland are lower. However, these data are prepared on different bases and cannot be directly compared.

## Frontier Workers

- 3.54 Most of the above statistical data are based on place of residence. Thus, they do not capture the number of ‘frontier workers’ that commute on a weekly/daily basis to work in the other jurisdiction.
- 3.55 The Revenue Commissioners in the South produce estimates of the number of frontier workers commuting to the South. These suggest that the number of frontier workers from the North is increasing. In 1996/1997 it was estimated that about 2,000-2,500 workers fell into this category. The latest available data are for 2000 and suggest that there are now over 9,000 workers commuting across the border. This is a significant increase although it should be noted that these are approximate estimates. The evidence suggests that there has been an increase in the number of workers from the North.
- 3.56 The number of frontier employees travelling in the other direction is not readily available. Previous estimates produced for the EURES network suggested that in the mid-1990s there were almost 9,000 workers commuting from the South to work in the North. Unfortunately, it is not possible from the information available to confirm whether this figure remains valid.
- 3.57 In the absence of up to date European data on frontier workers, it is difficult to make comparisons with these earlier European averages. However, the level of frontier worker mobility between the North and

South of Ireland would appear to be relatively high compared with the European averages quoted earlier in this Section.

- 3.58 Moreover, the analysis of mobility in the Study is based on the available statistics produced by official resources. Accordingly, it does not include any indication of the extent of movement linked to the black economy. Available evidence suggests that the black economy is significant and it could be useful to try to assess its size. However, this is a considerable exercise and is outside the scope of this Study.

### North/South Student Flows

- 3.59 This Section considers the extent of student mobility. Traditionally, students have displayed more mobility than other groups and this is confirmed by the available data. Table 3.11 below details the number of Northern Ireland domiciled students on Higher Education courses in the South from 1994/95 to 1998/99. The data are presented for students at all levels of study, as well as for first year students only. As of 1998/99, there were 1,008 students from the North studying in the South, of which 265 were first year students.

**Table 3.11 Northern Ireland Students on Higher Education Courses in the South**

	1994/95	1995/96	1996/97	1997/98	1998/99
<i>All Years</i>					
Male	778	715	567	486	409
Female	951	1,012	896	825	599
Total	1,729	1,727	1,463	1,311	1,008
<i>First Year Students Only</i>					
Male	380	247	121	122	127
Female	465	372	193	211	138
Total	845	619	314	333	265

Source: Higher Education Authority.

- 3.60 The data show that at all levels of study, the student flow from the North to the South has fallen from 1,729 to 1,008 over the period, a decrease of 41.7%. This pattern is evident for both male and female students, with reductions of 47.4% and 37% respectively.
- 3.61 The reduction in the numbers of Northern Ireland domiciled students on courses in the South is more pronounced when we examine trends in first year students only (i.e. the flow of students rather than the total stock of students). The number of first year students has decreased from 845 in 1994/95 to 265 in 1998/99, an overall decline of 68.6%. This fall is difficult to explain. It may be due to changes in the availability of courses and shifts in the supply of and demand for places. It may also be due to changes in the fees regime. A review of the available evidence suggests that a combination of these factors is important. Finally, the improved political situation in the North must also be considered. In conclusion, this is an important issue that requires further examination and analysis. In our view it is not possible to provide a definite explanation of those trends shown given the available information.
- 3.62 Table 3.12 reports the numbers of students from the South enrolled on Higher Education courses at Northern institutions from 1994/95 to 1999/00. The data are presented for students at all levels of study, as well as for first-year students only. As of 1999/00, there were 3,782 students from the South studying in the North, considerably more than the 1,008 students from the North studying in the South.

**Table 3.12 Southern Students Enrolled on Higher Education Courses at Northern Ireland Institutions**

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00
<i>All Years</i>						
Male	1,616	1,791	1,904	1,802	1,588	1,359
Female	1,844	2,291	2,504	2,809	2,618	2,423
Total	3,460	4,082	4,408	4,611	4,206	3,782
<i>First Year Students Only</i>						
Male	762	910	665	645	579	588
Female	860	1,131	924	1,167	1,003	1,151
Total	1,622	2,041	1,589	1,812	1,582	1,739

Source: Northern Ireland Statistics & Research Agency.

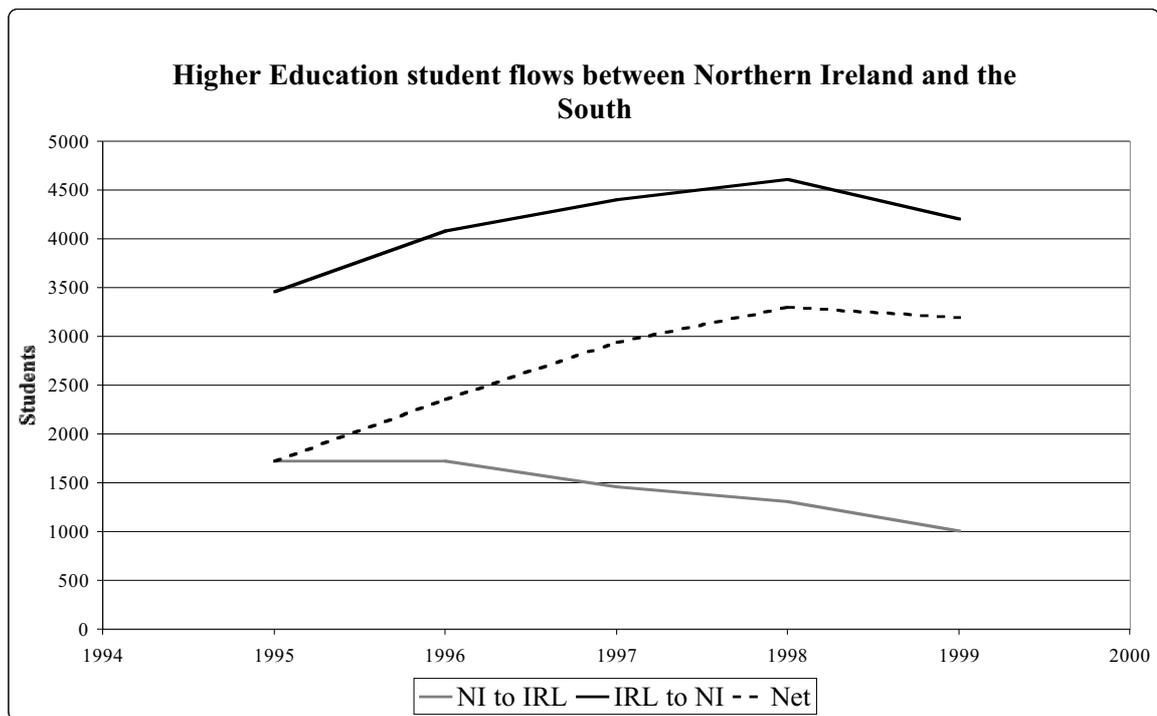
- 3.63 The data show that the number of students at all levels of study from the South and enrolled on Higher Education courses in the North has increased from 3,460 to 3,782 over the period, a rise of 9.3%. Interestingly, the numbers reached a peak in 1997/98 and then fell in the next two years. Furthermore, while the number of male students has fallen by 15.9%, the number of female students has increased by 31.4%. These patterns are mirrored by the trends for first year students.
- 3.64 Table 3.13 reports the net inflow of students to the North from the South over the period 1994/95 to 1998/99. Not surprisingly, given the discussion above, the data show a significant rise in the net inflow to the North, increasing from 1,731 students in 1994/95 to 3,198 students in 1998/99.

**Table 3.13 Net Inflow of Higher Education Students to Northern Ireland from the South**

	1994-95	1995-96	1996-97	1997-98	1998-99
<i>All Years</i>					
Male	838	1,076	1,337	1,316	1,179
Female	893	1,279	1,608	1,984	2,019
Total	1,731	2,355	2,945	3,300	3,198
<i>First Year Students Only</i>					
Male	382	663	544	523	452
Female	395	759	731	956	865
Total	777	1,422	1,275	1,479	1,317

Source: Department of Education

- 3.65 The chart below represents the trends and changes in these variables over time.



## Conclusions on Extent of Mobility

- 3.66 The official migration data show that in overall terms there has been an increase in cross-border mobility and that there is now a net inflow to the South. The limited data on frontier workers also shows an increase in the number of workers from the North commuting to the South. However, mobility amongst students from the North moving to the South has fallen in recent years.
- 3.67 During the course of this Study we interviewed a number of companies and individuals working in the border region. We also met a number of groups and bodies working on cross-border issues. Anecdotal evidence suggests that there is significant movement of persons and in particular cross-border commuting. Our assessment is that the official statistics may underestimate the extent of this mobility. This conclusion has been reached in similar studies on this issue.
- 3.68 The available data sources do not provide a regional breakdown of cross-border commuting. Nonetheless, evidence from our case studies indicates that mobility may be concentrated at either end of the border. There is significant movement between Donegal, West Tyrone and Derry/Londonderry in the North-West. There is also movement in the eastern side between Louth and Armagh and Down. In our view, the concentration of this mobility on either side of the border reflects the population density of these areas and the good transport links that exist. In contrast, the relatively poor transport links, low population density and relatively poor job opportunities may in part explain the apparently low level of commuting between Leitrim and Cavan in the South and Tyrone and Fermanagh in the North.

## Factors Affecting Mobility

- 3.69 There are a range of factors influencing trends in migration and cross-border commuting. These include socio-economic factors, geographical factors and issues around perceptions and the availability of information as well as other barriers to mobility. Research from most countries suggests that economic factors are crucially important. Historically, individuals have shown a considerable propensity to migrate to take advantage of better labour market conditions in other areas. This is certainly true of mobility between Ireland and Great Britain: relative unemployment rates and income levels are a significant determinant of migratory trends from both parts of the island to Great Britain. It would be expected that these factors would feature prominently in any discussion of North/South mobility.

## Recent Economic Developments

- 3.70 It is outside the scope of this Study to analyse in detail the relative economic performance in the North and South in recent years. While both regions have experienced consistent economic growth, the South enjoyed a period of exceptionally rapid growth during the 1990s. This is a key factor in explaining recent flows. Table 3.14 shows the evolution of GDP per capita in the North and the South in recent years.<sup>5</sup> This shows the extent to which the rapid growth in the South post-1993 has led to divergence in incomes per head.

**Table 3.14 GDP per capita in Northern Ireland and the South from 1990-1998**

	<i>Northern Ireland (IR£)</i>	<i>Republic of Ireland (IR£)</i>
<b>1990</b>	7,745	8,157
<b>1991</b>	8,349	8,416
<b>1992</b>	8,812	8,869
<b>1993</b>	9,350	9,528
<b>1994</b>	9,928	10,213
<b>1995</b>	10,571	11,499
<b>1996</b>	10,912	12,585
<b>1997</b>	11,617	14,411
<b>1998</b>	11,891	16,351
<b>% Change 1990-98</b>	53.5%	100.5%

Source: Northern Ireland Statistics & Research Agency and Central Statistics Office.

Note: Exchange Rate £1 Sterling = £1.26 Irish Pound. Sterling amount is converted into Irish Pounds.

## Migration Flows and Unemployment Rates

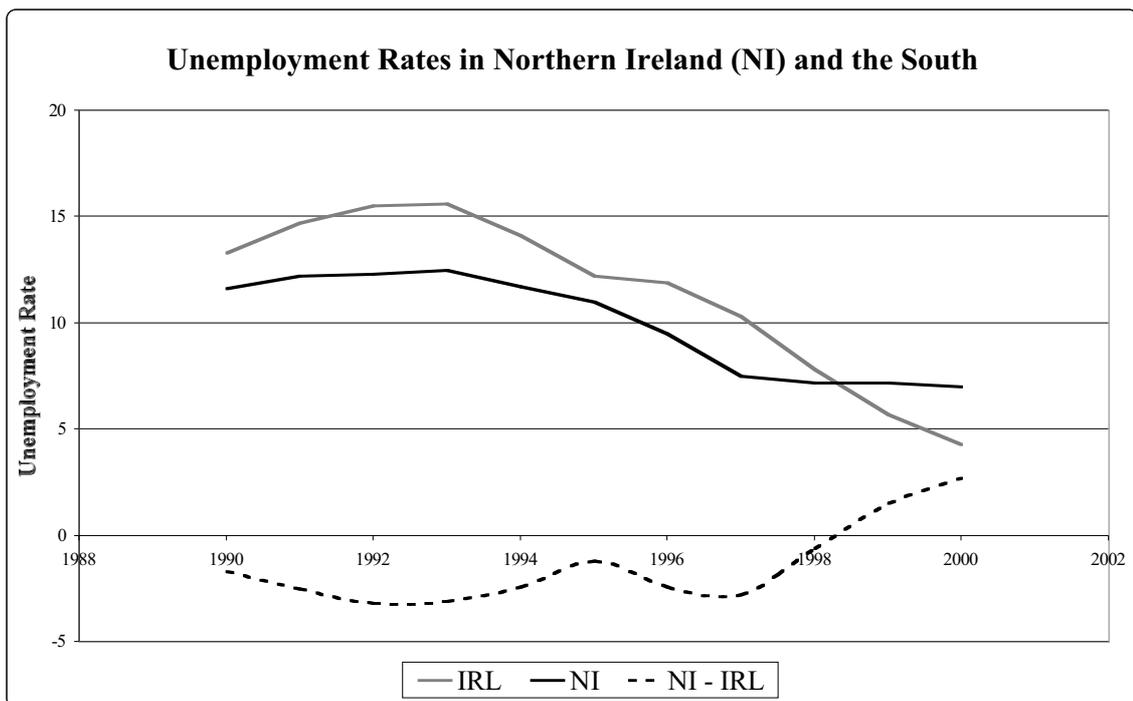
- 3.71 This rapid economic growth is reflected in a dramatic turnaround in relative labour market conditions between North and South. In the South, there have been significant gains in employment and a rapid fall in unemployment during the 1990s. There has also been a significant decline in unemployment rates in Northern Ireland. Table 3.15 below presents International Labour Organisation (ILO) unemployment rates for Northern Ireland and the South. The net inflow of persons into the North from the South is also included. Data are presented for the years 1990 to 2000.

**Table 3.15 Unemployment Rates and Migratory Flows between Northern Ireland (NI) and the South from 1990 to 2000**

	<i>NI</i>	<i>IRL</i>	<i>NI – IRL</i>	<i>Net Inflow</i>
<b>1990</b>	11.6	12.9	-1.3	886
<b>1991</b>	12.2	14.7	-2.5	984
<b>1992</b>	12.3	15.1	-2.8	1,424
<b>1993</b>	12.5	15.7	-3.2	1,157
<b>1994</b>	11.7	14.7	-3.0	1,090
<b>1995</b>	11	12.2	-1.2	555
<b>1996</b>	9.5	11.9	-2.4	-1,178
<b>1997</b>	7.5	10.3	-2.8	-59
<b>1998</b>	7.2	7.8	-0.6	774
<b>1999</b>	7.2	5.7	1.5	-795
<b>2000</b>	7	4.3	2.7	-

Source: Central Statistics Office, Department of Enterprise, Trade and Investment.

- 3.72 As the data in Table 3.15 show, the unemployment rate in the North was less than the unemployment rate in the South in the period from 1990 to 1998. This changed in 1999 as unemployment rates fell in the South to under 6%. Further falls were recorded in 2000 with unemployment down to just over 4% of the labour force. This compares with a rate of just over 7% for the North since 1997. Thus, while unemployment rates in both regions reached a high in 1993 and have both fallen since then, the decline in the South was more marked. These trends are shown in the chart.



- 3.73 Clearly there are a number of factors that affect migratory flows but it is informative to consider the relationship between unemployment rates and migratory flows. It would be expected that changes in employment levels and unemployment rates across regions will lead to changes in migratory flows between those regions. The chart below suggests some relationship between the two variables for the period 1990 and 1999. In particular, it infers that as the unemployment rate in the South increases relative to the unemployment rate in the North (i.e. NI-IRL ↓), then the net inflow of migrants to the North will increase (i.e. Net Inflow ↑).
- 3.74 Similarly, as the unemployment rate in the South falls relative to the unemployment rate in the North (i.e. NI-IRL ↑), then the net inflow of migrants to the North is likely to fall (Net Inflow to the North ↓).
- 3.75 Given these patterns, it is useful to consider some correlations between the difference in unemployment rates in the North and South, and migratory flows between the two regions. These correlations give us an indication of the extent to which changes in the difference in unemployment rates between the two regions are associated with changes in migratory flows. Table 3.16 below reports the correlation between the unemployment rate differential in the North and South and the net inflow of migrants into North from the South. Also reported is the correlation when one- and two-year lags of the net migration variable are considered.

**Table 3.16 Correlations between the Difference in Unemployment Rates and Net Migration Inflows**

	<i>Net Migration Inflow</i>	<i>Net Migration Inflow Lag 1</i>	<i>Net Migration Inflow Lag 2</i>
Difference in Unemployment Rates (NI - IRL)	-0.456	-0.785	-0.021

Source: Indecon calculations.

- 3.76 The correlations suggest that there is indeed a negative relationship between the difference in unemployment rates in the North and South, and the net inflow of migrants to the North from the South. The association is even stronger if a one-year lag of the migration flow variable is considered, though no relationship is found with a two-year lag. This could be interpreted as implying that, for example, relative changes in unemployment rates in a given year are associated with changes in migration flows between the North and South, and seem also to have an affect on migration in the following year, though not thereafter.

- 3.77 It is important to realise that caution must be exercised when interpreting these correlations. There are clearly other factors that determine changes in migratory flows. They do, however, highlight the link between changing unemployment rates and changing patterns in migration flows between the North and South. A more detailed econometric analysis of the relationship between North/South migration and unemployment differentials is set out in Appendix H. These simple OLS estimations suggest that there is a relationship between net migration and unemployment differentials, and that changes in the unemployment differential in a given year will lead to changing migratory flows in the following year. The results, however, also suggest that other factors including barriers to mobility may also be relevant in determining migratory flows.

## Trends in Incomes levels

- 3.78 It is also interesting to examine trends in incomes. The strong demand for labour in the South has also led to a significant increase in wages. Table 3.17 shows a comparison of gross weekly income levels between North and South for a number of sectors for the years 1996–1998.

**Table 3.17 Gross Weekly Income Levels North and South for Selected Sectors 1996-1998**

		1996	1997	1998
Mining/Quarrying	South	388.9	401.2	398.1
	Northern Ireland	361.8	355.3	328.0
Manufacturing	South	274.4	283.5	295.2
	Northern Ireland	310.59	321.0	352.5
Electricity/Gas	South	401.5	418.8	457.5
	Northern Ireland	469.8	514.3	493.3
Construction	South	298.1	330.8	349.2
	Northern Ireland	296.4	316.1	334.4

Sources: Northern Ireland Statistics & Research Agency; Central Statistics Office. Note: All amounts are given in Irish pounds. The Sterling equivalent is converted on the basis of £1 Sterling = 1.26 Irish

## Obstacles to Mobility

- 3.79 The focus of this Study is to identify the range of obstacles that make it difficult for people to avail of these economic opportunities and to propose solutions to address these barriers. Removing such barriers will assist in improving economic efficiency and will assist both parts of Ireland to enhance competitiveness. These barriers include:

- Social and cultural factors;
- Economic factors such as different tax and social security systems, pensions rights;
- Recognition of skills and qualifications;
- Accessibility and transparency of information; and
- Different levels of service provision and the quality of transport links.

- 3.80 Subsequent Sections will focus on the nature of these obstacles, evidenced by examples from the research and case study material.

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## Endnotes

- 1 MKW (2000): Migration Trends in Europe. Intra-EU labour mobility and migration flows between EU and EEA/CEEC.
- 2 OECD (1999): EMU Facts, Challenges and Policies.
- 3 European Commission, Directorate General for Research (1997), *Frontier Workers in the European Union*, Working Paper.
- 4 It is interesting to compare this 1% of the population in the South born in the North with figures on labour within the South. Census figures show that in the South approximately 19% of the population live in counties other than where they were born.
- 5 For the South, GNP per capita is a better measure, but for convenience we use GDP per capita for both.



## IV Analysis and Evaluation of Barriers to Mobility

- 4.1 In the previous Section the extent of mobility between North and South was discussed. It was suggested that buoyant economic conditions in the South are currently acting as a pull factor and have led to an increase in the numbers of both migrant and frontier workers from the North. In overall terms, however, it was indicated that mobility was low compared to the overall population, although the limited available data suggest that mobility is low throughout Europe.
- 4.2 It is therefore important to evaluate the importance of a range of different obstacles that are adversely affecting mobility. These range from taxation and social welfare issues to recognition of qualifications and the provision of services such as health, telecommunications and banking. The objective of this Section is to assess the relative importance of these obstacles, distinguishing between factors affecting migrant and frontier workers. We also need to consider obstacles that effectively deter a worker from taking up a position in the other jurisdiction as well as factors that make mobility between the jurisdictions more costly or inconvenient but which are, nonetheless, potentially significant barriers.
- 4.3 In subsequent Sections each of the identified obstacles is discussed along with proposed solutions and recommendations. Firstly, the results of the survey evidence are analysed and evaluated. This survey involved individuals, recruitment agencies, representative bodies and government departments, ranking in order of importance a number of potential obstacles.

### Individual Respondents

- 4.4 On foot of a media advertisement, interested parties were invited to complete a questionnaire (see Appendix B). Respondents were asked to rank in terms of importance a number of potential barriers. Responses were received from 54 individuals with about two-thirds being from the North as illustrated in Table 4.1 below.

**Table 4.1 Analysis of Respondents to Questionnaire**

<i>North</i>	<i>South</i>	<i>Total*</i>
38	19	54

\* 3 are located in the North and the South

- 4.5 Based on the information provided, it is not possible to establish exactly whether the respondents are individuals who have moved or people who may have encountered obstacles when trying to move (see Appendix G for more detailed results). In our view, most of the respondents are, in all probability, individuals who have encountered barriers when seeking to move between jurisdictions. These individuals may have better first-hand knowledge of barriers than would be the case for the wider population.

### Barriers to Mobility

- 4.6 The potential barriers are analysed under a number of headings: taxation; social expenditures; education, training, qualifications and employment law; and services. The responses of individuals to the questionnaire have been considered under each of these topics, and full details of the responses are set out in Appendix G.
- 4.7 Table 4.2 summarises the relative importance of the various identified barriers. The relatively high level of importance given to the range of potential barriers by this group of individuals suggests that the comparative significance attached to each factor may be of more value than its absolute importance (see Appendix G). Those issues of particular concern – rated as very or fairly important by more than 60% of respondents – are highlighted in bold. They include direct taxes, social security, pensions, health, and recognition of qualifications.

**Table 4.2 Relative Importance of Potential Barriers to North/South Labour Mobility (%)**

<i>Individual Responses</i>	<i>Very important</i>	<i>Fairly important</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>
<b>Direct Taxes</b>	31.5	35.2	16.7	5.6	11.1
Indirect Taxes	22.2	24.1	22.2	9.3	22.2
Vehicle Registration	31.5	27.8	18.5	9.3	13.0
<b>Social Security</b>	24.1	38.9	22.2	3.7	11.1
<b>Pensions</b>	46.3	24	18.5	5.6	5.6
<b>Health</b>	46.3	25.9	13	1.9	13.0
Childcare	20.4	13.0	25.9	9.3	31.5
Education	25.9	31.5	22.2	3.7	16.7
Training	25.9	25.9	31.5	3.7	13
<b>RECOGNITION OF QUALIFICATIONS</b>	53.7	11.1	13.0	9.3	13.0
Employment law	27.8	22.2	20.4	7.4	22.2
Housing	27.8	24.1	20.4	7.4	20.4
Telecommunications	24.1	18.5	20.4	16.7	20.4
Banking	33.3	3.7	27.8	18.5	16.7
Insurance	18.5	7.4	31.5	16.7	25.9
Transport services	35.2	14.8	27.8	9.3	13.0

Source: Indecon/PwC Survey. The sample size is 54.

## Survey of Recruitment Agencies

- 4.8 A survey of recruitment agencies was also conducted to elicit their views on the relative importance of the identified obstacles. Sixteen of the agencies contacted responded to the survey. Recruitment agencies are particularly close to labour market factors. These agencies are located in various parts of Ireland, both North and South, and a number of them have offices in both parts of the island of Ireland, as the table below shows.

**Table 4.3 Analysis of Survey Results**

<i>Location of Offices</i>	<i>Number of Responses</i>
North	5
South	16
Both North and South	5
<b>Total Responses</b>	<b>16</b>

Source: Indecon/PwC Survey.

- 4.9 The main areas of employment dealt with by the recruitment agencies are shown in Table 4.4. Of the 16 agencies, most of them act as agents for management positions, and technical/professional posts. Other key areas of recruitment include secretarial and construction work.

**Table 4.4 Main Areas of Recruitment**

<i>Location of Operations</i>	<i>Management</i>	<i>Technical/ Professional</i>	<i>Secretarial</i>	<i>Construction</i>	<i>Other</i>
North	4	4	4	3	1
South	12	11	8	6	5
<b>Total*</b>	<b>12</b>	<b>11</b>	<b>8</b>	<b>6</b>	<b>5</b>

Source: Indecon/PwC Survey.

\*Many of the recruitment agencies operate both in the North and the South.

- 4.10 One indication of the propensity to move from one jurisdiction to the other is the extent to which recruitment agencies in the North and in the South have interviewed candidates for positions on the other side of the border. As the table below reveals, all except one of these agencies had this experience.

**Table 4.5 Interviews for Positions in Other Jurisdiction**

<i>Location of Operations</i>	<i>Yes</i>	<i>No</i>	<i>Total</i>
North	5	0	5
South	15	1	16
<b>Total*</b>	<b>15</b>	<b>1</b>	<b>16</b>

Source: Indecon/PwC Survey.

\*Many of the recruitment agencies operate both in the North and the South.

## Barriers to Mobility

- 4.11 The same approach as in the previous Section was followed in analysing the identified obstacles to labour mobility. It is important to note that the five agencies operating in the North also operate in the South. As a result, in the tables that follow the percentage data for the 'South' are the same as the 'Total'. A more detailed breakdown of the survey responses is given in Appendix G.
- 4.12 The table below summarises the findings for each of the barriers discussed above with respect to the views by recruitment agencies based in the North and in the South. The most important obstacles are again highlighted in bold. As can be seen, housing is regarded as being particularly important by recruitment agencies, followed by direct taxes. Also significant are childcare and health.

**Table 4.6 Relative Importance of Potential Barriers to North/South Labour Mobility (%)**

	<i>Very important</i>	<i>Fairly important</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ No answer</i>
<u>Taxation</u>					
<b>Direct Taxes</b>	62.5	18.75	12.5	6.25	0
Indirect Taxes	25	12.5	37.5	25	0
Vehicle Registration	18.75	18.75	50	12.5	0
<u>Social Expenditures</u>					
Social Security	37.5	12.5	43.75	6.25	0
Pensions	25	25	43.75	6.25	0
<b>Health</b>	18.75	43.75	37.5	0	0
<b>Childcare</b>	25	43.75	18.75	12.5	0
<u>Education, Training, Qualifications and Employment law</u>					
Education	0	50	37.5	6.25	6.25
Training	6.25	50	31.25	6.25	6.25
Recognition of qualifications	6.25	50	31.25	6.25	6.25
Employment law	18.75	37.5	25	6.25	12.5
<u>Facilities and Services</u>					
<b>Housing</b>	81.25	12.5	0	6.25	0
Telecommunications	6.25	43.75	25	25	0
Banking	6.25	43.75	25	25	0
Insurance	6.25	25	43.75	25	0
Transport services	37.5	18.75	12.5	25	6.25

Source: Indecon/PwC Survey. The sample size is 16.

## Survey of Representative Organisations and Government Departments

- 4.13 A survey of representative organisations and government departments was also conducted. The questionnaire survey was circulated to two groups of organisations: a variety of representative groups including, for example, employer and employee bodies and consumer representatives, and also to government departments and State agencies.
- 4.14 Table 4.7 shows the distribution of organisations and departments consulted for this Study. There were slightly more respondents from the South to the questionnaire than the North. In addition, there was a higher proportion of representative organisations from the North responding, but more government departments from the South.

**Table 4.7 Analysis of Respondents to Questionnaire - % Respondents**

	<i>North</i>	<i>South</i>	<i>Total</i>	<i>Sample size</i>
Representative Organisations	56.5	43.5	100.0	23
Government departments	14.3	85.7	100.0	7
<b>Total</b>	<b>46.7</b>	<b>53.3</b>	<b>100.0</b>	<b>30</b>

Source: Indecon/PwC Survey.

- 4.15 The results for this part of the survey are different from the other surveys. Representative organisations tend to concentrate on specific issues while government departments are understandably unwilling to comment on policy areas outside their own remit. In this Section we concentrate briefly on a summary of the results.
- 4.16 A summary table of responses from representative bodies is provided below. The most significant factors, those rated as very or fairly important by more than 60% of respondents, are highlighted. These include direct taxation, pensions, health, childcare, education, training, recognition of qualifications, and housing. Those factors rated as 'very important' by more than 30% of respondents are direct taxes, pensions, health, education and recognition of qualifications. In nearly all cases, direct taxes, pensions, health, childcare and recognition of qualifications feature prominently.

**Table 4.8 Summary of Responses from Representative Bodies (%)**

	<i>Very important</i>	<i>Fairly important</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ No answer</i>
<b><u>Taxation</u></b>					
<b>Direct Taxes</b>	50.0	27.3	4.5	9.1	9.1
Indirect Taxes including VAT	9.1	36.4	22.7	13.6	18.2
Vehicle Importation and Registration	13.6	13.6	40.9	18.2	13.6
<b><u>Social Expenditures</u></b>					
Social Security	18.2	31.8	40.9	0.0	0
<b>Pensions</b>	40.9	22.7	31.8	4.5	0
<b>Health</b>	36.4	50.0	13.6	0.0	0
<b>Childcare</b>	27.3	36.4	22.7	4.5	0
<b><u>Education, Training, etc.</u></b>					
Education	31.8	45.5	13.6	4.5	4.5
Training	27.3	36.4	18.2	9.1	9.1
<b><u>RECOGNITION OF QUALIFICATIONS</u></b>					
Employment Law	50.0	27.3	22.7	0.0	0.0
	26.1	21.7	39.1	8.7	4.3
<b><u>Services</u></b>					
Housing	36.4	36.4	22.7	0.0	4.5
Telecommunications	18.2	31.8	31.8	9.1	9.1
Banking	18.2	22.7	31.8	18.2	9.1
Insurance	9.1	27.3	31.8	18.2	13.6
Transport Services	31.8	9.1	27.3	9.1	22.7

Source: Indecon/PwC Survey. Sample size is 23.

- 4.17 The responses from government departments are summarised in Table 4.9 below. As shown, perceptions of the most important of the potential barriers to mobility (over 60% rating the issue as very or fairly important), are direct taxes, indirect taxes, vehicle importation and registration, recognition of qualifications, employment law and transport services. The most significant in terms of a high percentage of 'very important' ratings, i.e. over 30%, are direct taxes, indirect taxes, pensions, employment law, and housing.

**Table 4.9 Summary of Responses from Government Departments**

	<i>Very important</i>	<i>Fairly important</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ No answer</i>
<u>Taxation</u>					
<b>Direct Taxes</b>	71.4	0.0	14.3	0.0	14.3
<b>Indirect Taxes including VAT</b>	42.9	28.6	14.3	0.0	14.3
Vehicle Importation and Registration	14.3	57.1	0.0	0.0	28.6
<u>Social Expenditures</u>					
Social Security	28.6	0.0	28.6	0.0	42.9
<b>Pensions</b>	42.9	0.0	28.6	0.0	28.6
Health	28.6	0.0	28.6	0.0	42.9
Childcare	28.6	0.0	28.6	0.0	42.9
<u>Education, Training, etc.</u>					
Education	28.6	0.0	42.9	0.0	28.6
Training	0.0	14.3	57.1	0.0	28.6
Recognition of Qualifications	16.7	66.7	0.0	0.0	16.7
<b>Employment Law</b>	50.0	16.7	0.0	33.3	0.0
<u>Services</u>					
<b>Housing</b>	33.3	0.0	33.3	0.0	33.3
Telecommunications	0.0	16.7	16.7	0.0	66.7
Banking	0.0	16.7	50.0	0.0	33.3
Insurance	0.0	16.7	50.0	0.0	33.3
Transport Services	0.0	67.7	0.0	0.0	33.3

Source: Indecon/PwC Survey. Sample size is 7.

## Conclusion

- 4.18 It is important to evaluate the importance of a range of different obstacles that are perceived as adversely affecting mobility. The objective of this Section is to assess the relative importance of these obstacles, distinguishing between factors affecting migrant and frontier workers.
- 4.19 The relative importance of the various identified barriers amongst individuals was considered. Those issues of particular concern to individuals were identified as direct taxes, social security, pensions, health, and recognition of qualifications. The group of respondents to the survey of individuals is however self-selecting, since many of the respondents will be individuals who have encountered barriers when seeking to move between jurisdictions. These groups may, however, have better first-hand knowledge of barriers than would be the case for the wider population.
- 4.20 A survey of recruitment agencies was also considered. The most important obstacles identified by this group are housing and direct taxes. Also seen as significant are childcare and health.
- 4.21 The survey of representative bodies indicated that direct taxation, pensions, health, childcare and recognition of qualifications are seen as the key issues. For government departments, the most important of the potential barriers to mobility are direct taxes, indirect taxes, pensions, employment law, and housing.
- 4.22 These survey results provide a useful indicator of the relative importance of potential obstacles. Direct taxation is seen as a relatively important obstacle to mobility in each of the four surveys of individuals, recruitment agencies, representative organisations and government departments.
- 4.23 Pensions and health are classified as being amongst the greatest potential obstacles to mobility in three of the four surveys. Also seen as relatively important across our surveys are childcare, housing and recognition of qualifications.
- 4.24 In subsequent Sections these various issues are discussed in detail, drawing on these results, in addition to evidence gathered from our programme of interviews and case studies.



## V Taxation, Social Security and Pensions

- 5.1 The survey results in the previous Section identified tax, social security and pensions as being particularly important obstacles to mobility. The existence of different tax and social security regimes on either side of the border raises a number of important issues for frontier workers and for workers making a permanent move. EU legislation seeks to ensure that there is sufficient co-operation between jurisdictions to ensure that mobility is facilitated. Nonetheless, the survey results and the findings of our detailed discussions with companies and individuals suggest that there are a number of problems.
- 5.2 Generally, these obstacles operate in both directions. It is felt that some of the obstacles identified are significant while there are mis-information and perception problems in relation to others. In this Section we address taxation in the first instance and then turn to the related issue of social security entitlements and pensions.

### Taxation

- 5.3 Under taxation there are issues in relation to:
- Vehicle Registration Tax in the South;
  - Differential personal tax rates;
  - Eligibility for working family tax credit/children's tax credit; and
  - Differences in tax years.

### Vehicle Registration Tax

- 5.4 Both indirect taxes and Vehicle Registration Tax (VRT) were identified as potential obstacles. Indirect taxes are governed by the harmonisation rules of the single market and, in any event, they should not be a significant mobility issue. However, VRT is an issue for certain individuals and this is discussed below.
- 5.5 VRT is charged on the registration of a motor vehicle in the South. Generally, if a car is brought in from any location outside the South it must be registered and VRT must be paid. As there is no equivalent tax in the North, the imposition of this tax can in certain cases represent a cost for persons moving temporarily from the North to the South. It is also an issue for people living in the South who are commuting across the border for work, as they are obliged to register their car in the South and pay VRT. This issue was raised in the survey responses we received. Almost 60% of individuals surveyed identified it as an important obstacle.
- 5.6 As shown in Table 5.1 below, VRT rates for cars are high and are levied as a percentage of the retail price including all taxes (other vehicles are also subject to VRT but for convenience just cars are shown here). This price is called the Open Market Selling Price (OMSP).

**Table 5.1 VRT Rates as a Percentage of OMSP**

<i>Cars (cc)</i>	<i>Percentage</i>
0-1400 cc	22.5%
1401-2000cc	25%
2001cc and over	30%

Source: Revenue Commissioners

- 5.7 However, it is important to stress that there are a number of exemptions from this tax that may apply to the movement of vehicles between jurisdictions. Exemptions may be temporary or more permanent depending on the circumstances. If these exemptions did not exist this barrier to mobility would be much greater.

### *Temporary Exemption*

- 5.8 A foreign-owned vehicle may be brought into the State and used on a temporary basis without registration provided the vehicle:
- is owned or registered by a non-resident of the State and is not driven by a resident of the State;
  - is for private or business use;
  - is brought into the State for a period not exceeding 12 months;
  - is not disposed of or hired out in the State or lent to a resident of the State;
  - is not used for specific commercial transport activities within the State; and
  - is one where all the taxes are paid.
- 5.9 Residence is defined as the place where a person usually lives. If a person is living in one jurisdiction and working in another, residence is defined as the country of personal ties (i.e. where the person is living). These exemptions imply that VRT in the South will not be a problem for a person moving to the South for a period of less than 12 months.

### *Transfer of Residence to the State*

- 5.10 Exemptions from VRT may also apply for persons moving residence to the State from another jurisdiction. The terms of the relief are dependent upon residence and the motor vehicle in question.
- 5.11 To avail of this relief a person must have *normal residence* outside the State at the time of transfer. These rules can be complex but in essence it is the place where a person usually lived for a period of at least 185 days in the year ending on the date of transfer. A person does not qualify if they lived abroad for reasons of study or were working abroad for less than a year and still retained personal ties in the State. Rules also apply regarding the vehicle:
- It must be owned by the person making the transfer;
  - All appropriate taxes must have been paid;
  - The person must have owned the vehicle and used it outside the State for at least 6 months before moving; and
  - The vehicle must be brought into the State within 12 months of the transfer.
- 5.12 Thus, a person moving on a permanent basis to the South who has owned and used a vehicle for a period of at least six months can claim an exemption from VRT. The rules facilitate mobility in this case and also where a person is moving to this State on a temporary basis as discussed above.
- 5.13 However, the imposition of VRT can be a problem for frontier workers and could potentially be a factor for those resident in the North but working in the South for a continuous period in excess of 12 months. In the case of a Northern Ireland resident employed in the South for more than 12 months they could face a VRT liability on their vehicle. In addition, a resident in the South who commutes across the border has to pay VRT.
- 5.14 There are arguments against any change to this tax given that it is an important source of revenue. There are also arguments on equity grounds against providing exemptions in a specific area. This is accepted. Moreover, we are conscious that an abandonment of VRT for all groups could have a significant impact on exchequer revenue receipts in the South and such a general policy could not be justified on the basis of North/South labour mobility. However, we do make recommendations for adjustments to the VRT rules that would facilitate North/South labour mobility. These relate to some changes to take account of the position of frontier workers. These groups are likely to have a particular need for motor vehicles due to the gaps in cross-border public transportation and may also face higher costs in a number of other areas.

## Recommendations

*It is proposed to provide a 25% rebate from VRT for frontier workers provided the following conditions are met:*

- *Prior approval from Revenue Commissioners is obtained;*
- *UK NIC number should be provided so that random checks may be made to eliminate the cross-border 'double';*
- *All Irish vehicle taxes including VAT and Excise Duties on vehicle other than VRT are paid;*
- *Self-employed and those employed in 'a connected company' are excluded;*
- *All other frontier worker requirements are met;*
- *A claw back of the VRT rebate will be implemented if the vehicle is sold within the State within four years; and*
- *Relief should only be claimable once in a four-year period. (Recommendation 4).*

## Direct Tax

- 5.15 Differences in the level of direct taxes including social security contributions have also been raised as a factor affecting North/South mobility. There remains a perception that taxes are considerably higher in the South and that income differentials are offset by higher taxes and the higher cost of living. This issue was raised consistently in the case studies we completed. In addition one of the individuals who participated in the case studies also highlighted the issue of emergency tax. On moving from the South to live and work in the North she lost 50% of her wages in emergency tax and had to wait six months for a rebate. Finally, the survey results also show that a majority of respondents from the North identified direct taxes as an important obstacle in moving to the South.
- 5.16 If a person is resident in the North and takes up a job whose duties are exercised in the South, PAYE will be operated on the earnings from that employment in accordance with the rules operating in the South. Historically, personal income taxes in the South have been higher than in the North. This was the case for most categories of taxpayers, whether single or married, and for most income levels. Significant income tax reductions in the South in recent years, particularly in the last three Budgets, have changed the situation. Considerable convergence has taken place and differences are now marginal compared to the past.
- 5.17 North/South tax comparisons are complicated by exchange rate issues. The choice of exchange rate can significantly influence the result of comparisons. In the most extreme situation involving a married couple with no children and only one spouse working, as described below, the point at which the liabilities under the two systems converge is at £81,500 sterling/Punts if Stg£1 = IR£1, but is about Stg£35,000 or IR£45,500 if Stg£1 = IR£1.30.
- 5.18 For the purposes of comparison we have shown data based on Stg£1 = IR£1.26 as an indicator of a possible outcome in our tables, and on a hypothetical Stg£1 = IR£1 to show how the outcome is exchange-rate-dependent.
- 5.19 Details of the levels of taxation across a range of income levels for the current tax year 2001/2002 are included in the tables. Two tables are presented: one for a single taxpayer and one for a married couple with only one spouse working with no children. (For the purposes of these calculations, the figures for a married couple with both spouses working have been calculated by adding together the figures for two single taxpayers.) In these examples only the standard allowances are included, and the taxpayers are assumed to be employees paying the highest rates of social contributions. (Both jurisdictions reduce social insurance in a broadly similar way where enhanced pension rights are in place.) Moreover, for convenience the income levels are presented in local currencies.
- 5.20 The comparative tables 5.2a and 5.2b show that for single persons, differences in taxes paid depends on income levels. At incomes of less than IR£25,000, Stg£20,000 per annum, single persons pay between 3% and 6% less taxes in the South than in the North. In percentage terms the differences are higher at lower

income levels. Above this level the tax burden is lower in the North. For a person earning IR£50,000 per annum in the South their total deductions amount to over 34% of their total income. In the North on Stg£40,000 they pay about 28%.

**Table 5.2a Comparison of Irish Income Tax System (2001/2002) and the United Kingdom Income Tax System (2001/2002) – Single Person with Standard Allowances Exchange Rate Stg£1 = IR£1.26**

<i>Total Irish Income (IR£)</i>	<i>Irish Income Tax Payable (IR£)</i>	<i>Irish Tax as % of total income</i>	<i>Total Income UK (Stg£)</i>	<i>UK Income Tax payable (Stg£)</i>	<i>UK Tax of total income</i>	<i>% Difference</i>
5,000	0	0.0%	3,968	0	0.0%	0.0%
7,500	0	0.0%	5,952	284	4.8%	-4.8%
10,000	500	5.0%	7,937	863	10.9%	-5.9%
12,500	1,292	10.3%	9,921	1,498	15.1%	-4.8%
15,000	2,192	14.6%	11,905	2,133	17.9%	-3.3%
17,500	2,842	16.2%	13,889	2,768	19.9%	-3.7%
20,000	3,492	17.5%	15,873	3,403	21.4%	-4.0%
25,000	5,892	23.6%	19,841	4,672	23.5%	0.0%
30,000	8,234	27.4%	23,810	5,942	25.0%	2.5%
40,000	12,682	31.6%	31,746	8,297	26.1%	5.4%
50,000	17,110	34.0%	39,683	10,742	27.9%	6.1%
75,000	28,150	37.4%	59,524	18,679	31.9%	6.1%
100,000	39,170	39.0%	79,365	26,614	34.0%	5.6%

5.21 The table below shows the same information but for a hypothetical exchange rate of IR£1:Stg£1.

**Table 5.2b Comparison of Irish Income Tax System (2001/2002) and the United Kingdom Income Tax System (2001/2002) – Single Person with Standard Allowances Hypothetical exchange rate Stg£1 = IR£1**

<i>Total Irish Income (IR£)</i>	<i>Irish Income Tax Payable (IR£)</i>	<i>Irish Tax as % of total income</i>	<i>Total Income UK (Stg£)</i>	<i>UK Income Tax payable (Stg£)</i>	<i>UK Tax of total income</i>	<i>% Difference</i>
5,000	0	0.0%	5,000	93	1.9%	-1.9%
7,500	0	0.0%	7,500	723	9.6%	-9.6%
10,000	500	5.0%	10,000	1,523	15.2%	-10.2%
12,500	1,292	10.3%	12,500	2,323	18.6%	-8.2%
15,000	2,192	14.6%	15,000	3,123	20.8%	-6.2%
17,500	2,842	16.2%	17,500	3,923	22.4%	-6.2%
20,000	3,492	17.5%	20,000	4,723	23.6%	-6.2%
25,000	5,892	23.6%	25,000	6,323	25.3%	-1.7%
27,700	7,188	25.9%	27,700	7,187	25.9%	0.0%
30,000	8,234	27.4%	30,000	7,913	26.4%	1.0%
40,000	12,682	31.6%	40,000	10,868	28.0%	4.5%
50,000	17,110	34.0%	50,000	14,868	30.4%	4.5%
75,000	28,150	37.4%	75,000	24,868	33.6%	4.4%
100,000	39,170	39.0%	100,000	34,868	35.2%	4.3%

5.22 In the case of a married couple with no children and only one spouse working the comparative position is different, as shown in Table 5.3a. Up to a significant level the tax bill is lower in the South. For those on relatively low income, the differences are considerable. For a married couple on IR£10,000, Stg£8,000 per annum, the difference in tax bill is over 10% of total income. This rises to over 12% for an income level of IR£12,500, Stg£10,000. Thereafter, the percentage difference begins to decline but it is still significant for most income levels as the table shows. For income above IR£40,000/ Stg£30,000 the differences are marginal and the two tax systems in terms of the tax paid are broadly comparable.

**Table 5.3a Comparison of Irish Income Tax System (2001/2002) and the United Kingdom Income Tax System (2001/2002) – Married Couple with One Spouse Earning and No Children (Standard Allowances) Exchange rate Stg£1 = IR£1.26**

Total Irish Income (IR£)	Irish Income Tax Payable (IR£)	Irish Tax as % of total income	Total Income UK (Stg£)	UK Income Tax payable (Stg£)	UK Tax of total income	% Difference
5,000	0	0.0%	3,968	0	0.0%	0.0%
7,500	0	0.0%	5,952	284	4.8%	-4.8%
10,000	0	0.0%	7,937	863	10.9%	-10.9%
12,500	292	2.3%	9,921	1,498	15.1%	-12.8%
15,000	1,092	7.3%	11,905	2,133	17.9%	-10.6%
17,500	1,742	10.0%	13,889	2,768	19.9%	-10.0%
20,000	2,392	12.0%	15,873	3,403	21.4%	-9.5%
25,000	3,692	14.8%	19,841	4,672	23.5%	-8.8%
30,000	5,142	17.1%	23,810	5,942	25.0%	-7.8%
40,000	9,602	23.9%	31,746	8,297	26.1%	-2.3%
50,000	14,030	27.9%	39,683	10,742	27.9%	0.9%
75,000	25,070	33.3%	59,524	18,679	31.9%	2.0%
100,000	36,090	35.9%	79,365	26,614	34.0%	2.6%

5.23 The table below shows the same information but for a hypothetical exchange rate of IR£1 : Stg£1.

**Table 5.3b Comparison of Irish Income Tax System (2001/2002) and the United Kingdom Income Tax System (2001/2002) – Married Couple with One Spouse Earning and No Children (Standard Allowances) Hypothetical exchange rate Stg£1 = IR£1**

Total Irish Income (IR£)	Irish Income Tax Payable (IR£)	Irish Tax as % of total income	Total Income UK (Stg£)	UK Income Tax payable (Stg£)	UK Tax of total income	% Difference
5,000	0	0.0%	5,000	93	1.9%	-1.9%
7,500	0	0.0%	7,500	723	9.6%	-9.6%
10,000	0	0.0%	10,000	1,523	15.2%	-15.2%
12,500	292	2.3%	12,500	2,323	18.6%	-16.2%
15,000	1,092	7.3%	15,000	3,123	20.8%	-13.5%
17,500	1,742	10.0%	17,500	3,923	22.4%	-12.5%
20,000	2,392	12.0%	20,000	4,723	23.6%	-11.7%
25,000	3,692	14.8%	25,000	6,323	25.3%	-10.5%
30,000	5,142	17.1%	30,000	7,913	26.4%	-9.2%
40,000	9,602	23.9%	40,000	10,868	28.0%	-3.2%
50,000	14,030	27.9%	50,000	14,868	30.4%	-1.7%
75,000	25,070	33.3%	75,000	24,868	33.6%	-0.3%
81,500	27,934	34.1%	81,500	27,468	34.1%	0.6%
100,000	36,090	35.9%	100,000	34,868	35.2%	1.2%

5.24 In the circumstances where both spouses are working the UK tax system becomes more favourable. Under the UK tax system each individual is taxed under separate assessment and receives his/her own tax-free personal allowances together with two separate lower and basic rate bands of tax. For a married couple with both spouses working with a combined income of IR£60,000, Stg£40,000, the respective tax liabilities are 27.4% and 23.6% of total income. This percentage difference continues to grow as the level of income for each spouse increases.

5.25 Obviously, these examples represent only a sample of taxpayers and for simplicity only the basic allowances are included. Moreover, currency differences may change. Nonetheless, they show that for many individuals income taxes are *now lower* in the South than the North. This is interesting given that the widely held view in the North is that taxes are often higher in the South and that tax differences tend to offset the higher incomes on offer. Our analysis therefore does not support any radical general taxation changes to personal income tax codes on a North/South basis. However, the dissemination of more information is required. A specific change to tax treatment of frontier workers is also discussed below.

### *Recommendation*

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*We recommend that more information is provided highlighting the actual tax position for individuals taking up work opportunities in the other jurisdiction. (Recommendation 3)*

### **Tax Treatment of Frontier Workers**

- 5.26 The above position does not take into account the unique position of frontier workers. In the past the operation of the double tax agreement between Ireland and the UK imposed an additional tax burden on taxpayers resident in the South working in the North. These workers paid UK taxes on income earned in the North that was generally lower than the tax that would be paid if this income had been earned in the South. However prior to 1998 this foreign income was also subject to Irish tax with a credit for the UK tax paid on the basis of the double tax agreement between the UK and Ireland. This ensured that residents in the South working in the North paid more tax than UK residents.
- 5.27 It was felt that this situation penalised frontier workers and was unfair. To address this anomaly a provision was included in Section 13 of the 1998 Finance Act. This Section applies to persons who are resident in the State but who work outside the State. The effect of the relief is to remove Irish tax liability from foreign income where the foreign tax has been paid. Subject to various conditions no Irish tax will be paid if all a person's income is earned in another jurisdiction and has been subject to tax. The formula for Irish liability is as follows:

*Total Tax Liability Under Irish Rules X Income other than Northern Ireland Income*

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*Total Income*

- 5.28 Thus, if a person's total income is earned in the North the Irish tax liability is zero. This is in contrast to the previous position whereby Irish tax would be paid in addition to the UK tax liability.
- 5.29 At the time of its introduction this was a generous provision that should have assisted workers resident in the South who wanted to work in the North. The strength of Sterling would have added to the benefit. However, given the reduction in income taxes in the South that has occurred since then, the monetary value of the provision has been considerably reduced. Moreover, in certain circumstances frontier workers moving in the other direction are now being penalised by having to pay Irish taxes as well as the difference between those taxes and their UK liability.
- 5.30 In relation to this issue, and a range of other issues throughout the Report, it is recognised that changes in the treatment of cross-border workers could have wider implications than just the UK/Ireland border. This is reflected in the proposed recommendations.

### *Recommendation*

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*The UK authorities should consider introducing a relief for Northern Ireland residents who are frontier workers. This would have the effect of removing liability for UK taxes if all of the individual's income is earned in the South and has been subject to tax. Various conditions would need to apply including the various conditions that apply in respect of frontier workers. (Recommendation 5)*

### **Working Family Tax Credit**

- 5.31 There is an issue in relation to the Working Family Tax Credit (WFTC – to be replaced by the Employment Tax Credit) that applies in the UK. Individuals leaving the North to work in the South have expressed concern regarding their eligibility for the WFTC. If a husband and wife are both leaving the North permanently then the tax credits will not be due, but if the absence is only temporary or if one spouse remains in the North then the credits could continue to be paid, assuming the other qualifying conditions are met.

- 5.32 Of course, it should be noted that the WFTC is governed by EU regulations. These provide that the country of employment of the parent is liable to pay the benefits irrespective of where the children reside in the EU. However, if the benefits in the country of residence are higher than in the country of employment than the former is liable to pay an appropriate supplement.
- 5.33 Frontier workers who live in the South and work in the North are also entitled to claim this benefit, which is more generous than the equivalent Family Income Supplement (FIS) in the South. However, this can still lead to problems. For example, a single parent who lives in the South, but works in the North can claim the £72 WFTC if the income conditions are met. However if the lone parent benefit is being claimed in the South this will be reduced by the Irish pound equivalent of Stg£72. This issue was highlighted strongly in one of the individual company case studies involving a single parent resident in Donegal and who had taken up work in the North as a cleaner. In this case she had also previously applied for FIS and had been rejected because she was working in the North. However, the terms of the Single Parent Family Allowance (SPFA) in the South State that you are entitled to claim FIS as well. Thus it could be argued that the decision to reduce the amount of single-parent benefit for Southern individuals working in the North and receiving the WFTC is unfair. In this particular case study the drop in income forced the individual to give up her job in the North and seek employment in the South again, so that she could access FIS and receive her full single-parent benefit.
- 5.34 It is understood that this issue has recently been addressed. The Working Family Tax Credit is now disregarded for means purposes for entitlement up to the amount of FIS that would otherwise apply.

### *Recommendation*

*It is often difficult for people to locate information that is accurate and up-to-date on benefit and taxation issues. It is recommended that the relevant Revenue and Social Services information leaflets should provide instruction on the specific rights of frontier workers. This information could also be incorporated into the services provided by bodies such as EURES and TRASNA. (Recommendation 6)*

### **Different Tax Year**

- 5.35 The Irish Income Tax year at present is the same as the UK tax year, i.e. 6 April to 5 April, which makes completing tax returns in the other jurisdiction easier. However from 1 January 2002 the Irish tax year is changing to a calendar year. Employees will no longer be able look at their end-of-year pay and tax certificate and simply insert the figures after exchange adjustments onto their UK tax return.
- 5.36 It is generally accepted that this will not cause general difficulties given the operation of the Ireland/UK double taxation agreement. However, it will pose a particular difficulty to an individual living in the North but working in the South who has to complete a UK tax return. The final date of filing for UK tax returns before imposing a penalty is 31 January following the end of the UK tax year. As the South's tax year-end will be 31 December, i.e. only one month before the end of the UK filing period it leaves only a short time for a UK resident to obtain all the necessary information needed to complete their UK tax return. The UK Revenue requires proportions to be taken of the figures for whole foreign tax years, instead of, for example, totalling salary for the relevant twelve months.
- 5.37 It is accepted that the UK authorities have experience in addressing these difficulties.
- 5.38 This situation already arises in respect of other countries such as the US where the calendar year and tax year are the same. However the number of individuals this currently affects is limited. From 2002 this number will increase substantially and, whilst it is probably only visible to tax practitioners now, it may cause problems after 31 December 2002.

### *Recommendation*

*This is an issue of procedure rather than of the level of tax liability. The UK Inland Revenue could relax its rules for individuals in this position and accept provisional figures without imposing penalties on the understanding that actual figures would be filed by 31 March. (Recommendation 7)*

- 5.39 In relation to many of these issues, the principal problem is a lack of information or a misunderstanding of the position. In our research we encountered on several occasions the situation where information was available but individuals did not know this, or held mistaken views. In the general tax area, we have a number of recommendations on exchanging cross-border information and expertise on the part of the relevant authorities.

### *Recommendation*

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*Consideration should be given to the deployment of officers with specialist cross-border information skills in the respective border offices in the Inland Revenue and the Revenue Commissioners.  
(Recommendation 8)*

## **Pensions**

- 5.40 Prior to 1990 it was possible for a pan-Ireland company to operate one scheme for its employees on the island of Ireland due to the corresponding legislation that applied to each jurisdiction. Subsequent to the Republic of Ireland Pension Act 1990 and the UK Pensions Act 1995 (Pensions Order 1995 – Northern Ireland), it became impossible for an employer operating both sides of the border to comply simultaneously with the legislation in each jurisdiction. This resulted in a number of employers separating their pension schemes into ‘North’ and ‘South’ schemes.
- 5.41 However, following a European Commission draft directive *Proposal for a Directive of the European Parliament and of the Council on the Activities of Institutions for Occupational Retirement Provision*, moves towards a pan-European pension framework are well advanced. In the following paragraphs we set out, in summary, how this is being implemented in Northern Ireland and Ireland.
- 5.42 The Occupational Pension Schemes (Republic of Ireland Schemes Exemption) Regulations (Northern Ireland) 2000 (2000 No. 382) introduced the appropriate exemption for Republic of Ireland schemes with Northern Ireland members to exempt the Scheme from complying with a number of the more onerous provisions of the UK (Northern Ireland) legislation. Corresponding legislation exists in the Republic of Ireland ((a) Occupational Pension Schemes (External Schemes)(United Kingdom) Regulations 2000 and (b) Occupational Pension Schemes (Schemes With External Members)(United Kingdom) Regulations 2000). These Regulations became effective from 31 December 2000.
- 5.43 This Section addresses the issue of transfers cross-border both for the public sector and the private sector under a range of headings including:
- Legislation;
  - Different Social Security regimes;
  - Corresponding Legislation;
  - Transfers in (public sector and private sector);
  - Other general issues; and
  - The tax treatment of pension contributions.

## **Legislation**

- 5.44 With the introduction of the Regulations referred to previously one significant barrier to cross-border pension provision has been removed.
- 5.45 It would seem that any pension scheme set up for any cross-border employer would now need to be set up in only one jurisdiction, with membership being open to the other jurisdiction. On the basis that the legislation is ‘corresponding’, North and South, this would allow a company to set up the scheme in the jurisdiction where it has its headquarters.

## Different Social Security Regimes

- 5.46 Each jurisdiction has differing State pension provision, paid for by National Insurance Contributions in the UK (Northern Ireland) and Pay Related Social Insurance (PRSI) in the South. A basic state pension is payable in both regimes, with the UK also providing an additional top-up earnings-related pension scheme.
- 5.47 Historically, many UK occupational pension schemes have opted out (known as ‘contracting out’) of the earnings-related state pension scheme by guaranteeing that the pension scheme provides a minimum quality of benefit. In exchange, National Insurance Contributions are reduced for both the employer and the employees.
- 5.48 This could result in significant complications for schemes that attempt to contract out the UK employees as there is no Southern equivalent. However, the problem could be overcome by setting benefits up on a ‘contracted in’ basis. Any perceived differences in benefit provision could be covered more simply (and approximately) by adjusting salary levels if appropriate. In any event, this is a scheme design issue capable of being resolved by professional advisors to the schemes rather than by government.

## The detail of the corresponding legislation

- 5.49 There are a number of areas of detail in the legislation that are restrictive. For example, public sector schemes in the UK have typically been set up by regulation (e.g. the Local Government Pension Scheme). However, the nature of the corresponding legislation between jurisdictions may require cross-border schemes to be set up under trust rather than by regulation. This is not necessarily a barrier to mobility (although it does bring a need to appoint scheme trustees). However, flexibility needs to be shown for the various issues raised.

### *Recommendation*

*It may be appropriate to draft new regulations to cater for specific areas of detail within pension legislation that are restrictive. (Recommendation 9)*

## Transfers in

- 5.50 A significant recruitment issue occurs when a potential new employee realises that, to leave their current employment to move to a new cross-border employer, accrued benefits are made ‘paid up’. This means that the benefits earned to date will only increase with price inflation between their date of leaving and retirement, rather than being linked to the final salary of their ‘new’ employment with the cross-border employer. This can cause a significant shortfall in expected benefits for all but those close to retirement. Of course, this is not an exclusively cross-border issue but it does negatively impact upon mobility.

## Public Sector

- 5.51 This is compensated for in public sector schemes by belonging to a ‘transfer club’. Essentially, this allows transfers between employments of participating employers which link all periods of service so that benefits maintain the linkage to salary. In other words, it is as though employment was not severed and all service with ‘transfer club’ employers is treated as continuous. It would be complex (although potentially desirable) to operate a ‘transfer club’ cross-border.
- 5.52 This issue was evident in one of the individual case studies, of a University lecturer previously from the South, but now working in the North, after a short period working in England. During his five years employment in the South, the individual was a member of the Southern public sector pension scheme. On moving from the South he joined the Universities Superannuation Scheme, as a UK public sector employee. However he was unable to transfer his five years service/contributions. It was the view of the individual that it was easy to transfer service/contributions within professions in the public sector (e.g. if he was moving from a teaching post to a Civil Service post), but that there was no transferability between jurisdictions, even though the Scheme rules and regulations between the Northern/UK and Southern schemes appeared similar. The individual was considering a future move back to the South to work later in life before retirement, but was deterred by the fact that he would again be unable to transfer his pension contributions.

### *Recommendation*

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*Consideration should be given to the establishment of a reciprocal arrangement between the UK and the South for the transfer of public sector pensions. This was also recommended in the recent Report of the Public Sector Pensions Commission published in the South. (Recommendation 10)*

### **Private Sector**

- 5.53 The situation is, however, no different from the existing situation in the private sector for any change in employment. The employee has a choice to make before taking up new employment. It would be possible for transfers-in to be augmented (by the receiving scheme) to reflect the cost of maintaining salary linkage. This could add materially to the cost of funding the scheme and should be for the individual employer to decide. It is not a cross-border issue exclusively and typically is not a significant recruitment barrier except for a few senior appointments.
- 5.54 However, this is a real problem for an employer operating on a cross-border basis. It would be a significant barrier to mobility if by moving jurisdiction the employee's benefits with the same employer had to lose the linkage to final salary for the 'accrued' period of service.
- 5.55 This was evident in one of the company case studies of a manufacturing organisation operating both sides of the border. The company had to operate four separate pension schemes – a factory worker and staff pension on either side of the border, involving four different renewals, four different rules/handbooks and four separate annual Trustee meetings. In the instance of staff relocating cross-border the company was required to transfer their occupational pension, which in practice meant withdrawing the employee from one scheme and re-registering them in the other, with the employees losing out on the transfer value. It is our understanding that these issues are being examined at present.

### *Recommendation*

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*Regulations should be drafted to allow cross-border intra employer transfers to maintain continuous service on transfer. (Recommendation 11)*

- 5.56 Cross-border transfers are however, problematic for a number of other reasons:
- It is not possible to transfer UK contracted-out benefits abroad unless emigration has taken place;
  - It is not currently possible to transfer Northern Ireland benefits to a Southern scheme without the change in residence condition applying (particularly affecting those employees working across the border without changing residence); and
  - A transfer club for public sector transfers would be difficult to introduce if the cross-border scheme was set up on a contracted-in basis.

### *Recommendation*

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*Existing corresponding legislation between the jurisdictions should be amended to simplify the process of transferring between regions. The issues of contracting-out and residence should be covered. (Recommendation 12)*

- 5.57 Finally many trustees of schemes in the UK currently put a bar on transfers-in because there is a risk that the benefit transferred in does not fully reflect sex equality legislation. Any subsequent costs that do occur fall to the receiving scheme. However, other than in the situation where a prospective employee is concerned at the loss of salary linkage on pension benefits earned to the date of transfer, this should not be an undue barrier as covered previously.
- 5.58 There are a number of other 'minor' issues (which impact more on employers that operate on both sides of

the border) which can be dealt with in the detail. For example, pensions in payment will be linked to a measure of inflation. This would be different in each region (Retail Prices in the UK, Consumer Prices in the South). However, finding a solution to this would not be an insurmountable problem. Benefits on retirement (or indeed death in service) would of course be payable (currently) in different currencies but exchange rate issues are also manageable. It would however, be necessary to construct the individual scheme's investment strategy to deal with this issue.

### *Recommendation*

*Any attempt to implement improvements in pension regulations in either jurisdiction maintains the flexibility to operate cross-border pragmatically whilst ensuring the detail is not overlooked. (Recommendation 13)*

## **Tax treatment of pension contributions**

- 5.59 The tax treatment of pension contributions for employees resident in one jurisdiction and working in another is also an issue in this respect. For example, a UK resident working in Ireland will pay Irish tax. The relief to be gained from any pension contributions depends on their circumstances as follows:
- If the person contributes to an Irish occupational scheme they can claim tax relief against their employment income;
  - If their company transfers the person and they continue to pay contributions to their UK occupational scheme, of which they were previously a member, they can claim tax relief. This is the so-called posted workers option. In certain circumstances, the Revenue Commissioners will allow these workers to continue making contributions to their original pension scheme in another jurisdiction for a period of up to 10 years; and
  - However, if they are contributing to a UK scheme and are not covered by the posted workers option above they would not obtain tax relief on their pension contributions.
- 5.60 These provisions can act as a barrier to mobility given that pension contributions can be claimed at the marginal tax rate up to a certain limit. In essence, an employee who has an established UK scheme and moves to the South cannot claim tax relief on these contributions if they wish to continue making payments.
- 5.61 These issues have been raised by a number of employers operating in the border region. The current arrangements lead to the establishment of different schemes in both jurisdictions with ensuing costs for employers. This represents a potential barrier to North/South labour mobility and also represents a distortion to trade in financial services. This is also an issue that is being discussed at EU level.

### *Recommendations*

*A North/South Consultative Seminar should be organised to disseminate information on the so-called 'posted workers' option that in some circumstances can help to overcome this pensions obstacle. This seminar could also deal with a range of the complex issues in the areas of social security, tax and pensions that have been identified in this Study. (Recommendation 14)*

*Tax relief on pension payments for frontier workers should be allowed regardless of where pension fund is located. (Recommendation 15)*

## **Social Security Issues**

- 5.62 Social security issues are identified as amongst the most important obstacles to mobility according to the Survey results. Over 68% of individuals stated that it was an important barrier. It was also an issue in the company and individual case studies.
- 5.63 The main issue here concerns the transferability of contributions between jurisdictions. Individuals are

concerned about insurance-based entitlements when they move (i.e. can they draw benefits based on contributions made in another jurisdiction). The focus in this Section is therefore on contributory benefits. For non-contributory benefits, which are means-tested, EU citizens are entitled to be treated in the same way as nationals of the country in which they reside. Accordingly, this issue presents no significant obstacles to mobility, although in common with other issues there is an information gap that needs to be addressed.

### **Contributions/Benefits**

- 5.64 The detailed evaluation of this issue suggests that apart from a number of problem areas the obstacles are not significant, for two reasons. Firstly, there are comprehensive European Regulations in place that oblige Member States to facilitate mobility between Member States of the European Union. Secondly, there is ongoing co-operation between the authorities, North and South, in implementing these regulations that seems to be working well. Nevertheless, there is a severe information problem that needs to be addressed. Before we discuss some of the specific barriers under this heading, it is useful to briefly set out the current position, highlighting the important role of EU legislation.
- 5.65 Under EU Regulations there is an onus on Member States to co-ordinate their various social security systems in order to facilitate cross-border mobility. The basic principle is that a person exercising their right to mobility should not be disadvantaged. As a consequence, periods of employment, residence and insurance earned under the legislation in one Member State can be taken into account in order to qualify for social security rights in another Member State. There are number of basic principles:
- As a general rule, a person employed in one State is subject to the legislation of that State even if the person resides in the territory of another Member State;
  - When the individual is working in both the North and the South, the jurisdiction where the individual lives will be the designated area for social security purposes; and
  - Regarding temporary transfer between two Member States, the general rule for social security within the EU is that if a person is employed in one State they shall be subject to the legislation of that state even if they resides in the territory of another Member State. However, this rule does not apply in the case of persons who are posted from one Member State to another and the posting is not expected to exceed 12 months. In these circumstances the employee and the employer can continue to pay their home country's social security so long as they have a Certificate of Coverage.
- 5.66 As a consequence of these principles, social insurance contributions built up in one jurisdiction can be used in another jurisdiction when making benefit claims. This applies in a range of areas including unemployment benefits, disability benefits and pensions. The authorities, North and South, apply this so-called 'aggregation principle' that ensures, for example, that a person who is working in the South and becomes unemployed can claim unemployment payments in the North if that is their normal place of residence.

### **Entitlement to Benefits**

- 5.67 Regarding entitlement to benefits, the EC Regulations apply to people who travel between the North and the South and ensure that:
- an individual receives the same treatment in social security matters as nationals of the countries where he/she goes to work;
  - periods of social insurance in the North or the South can be used to help qualify for social security benefits in the alternative State, and
  - an individual can receive the benefits to which he/she is entitled in whichever State he/she is in.
- 5.68 The Regulations apply to:
- Disability and Maternity Benefits
  - Benefits for an accident at work or occupational disease

- Invalidity Pension
- Old Age (Contributory) and Retirement Pensions
- Widow's or Widower's and Orphan's (Contributory) Pensions
- Unemployment Benefit
- Child Benefit
- Death Grant, and
- Treatment Benefit.

- 5.69 The Regulations allow periods of social security to be combined so that a worker may qualify for a benefit or pension. For example, if a person spends a period working in two jurisdictions that person is entitled to a pension from both jurisdictions provided the minimum contributions are paid. Moreover, if a person's contributions in one jurisdiction are not sufficient to claim a pension, contributions can be aggregated to ensure qualification based on the contributions made in both jurisdictions.
- 5.70 The overall perception emerging from the company and individual case studies was that the 'social welfare' provision and related benefits, e.g. Maternity Benefit, Child Benefit and Statutory Sick Pay, were much better in the North than the South. For one of the companies involved in the case studies all these 'social welfare' factors were a significant draw to employment in the Northern plant, and contributed to the fact that it was difficult for the company to transfer staff from the Northern to the Southern plant.

### *Benefits Available*

- 5.71 One concern that individuals have when considering employment in another State is the effect it will have on their benefits, both short term and long term. Short absences for holidays abroad do not affect most benefits. Continued entitlement to benefit depends on whether or not the individual is leaving the State permanently and the type of benefit involved. In case of both temporary and permanent absence, if the individual requires payment of the benefits to be made whilst abroad they must contact their local security office and the appropriate benefits branch for centrally paid benefits.
- 5.72 A further concern for individuals considering employment in another State or the other jurisdiction within Ireland relates to the effect it will have on the benefits their partner may receive or be eligible for. One of the individual case studies involved a professional who moved from Dublin to Belfast with his family to take up a career post in Belfast. On moving North, the individual's partner had to give up her job in Dublin, and claim social security benefit in the North until she found suitable employment. It took a number of months for the social security payments to be processed between Dublin and Belfast, and was only finally resolved when the individual contacted a senior government representative.

### *Frontier Workers*

- 5.73 A cross-border worker is covered by European social security legislation in the same way as all the other categories of people covered by those provisions. However, special rules apply in some areas.

### *Unemployment*

- 5.74 A frontier worker who becomes partially unemployed is entitled to receive benefits from the country in which they are insured provided the normal contribution conditions are met. However, in the event of becoming wholly unemployed, entitlement to benefit will be determined by legislation of the country of residence, even if no social insurance contributions were paid in that country.
- 5.75 The aggregation principle also applies here. If a jobseeker does not qualify for a contributory Jobseekers Allowance in the UK, for example because of a lack of contributions, contributions paid in the South will be taken into account. A person's contributions' record is investigated, and the UK contribution record could be enhanced.
- 5.76 This applies on both sides of the border. If a jobseeker lives in the South and was insured in the North, then they should register for unemployment benefit at the office nearest to their home. The Department of Social,

Community and Family Affairs will then contact the NICO International Services in Newcastle-upon-Tyne for details of the insurance contributions paid whilst working in the North. This information will be used to enhance the contribution record the person has in the South.

### *Family Benefits*

- 5.77 An employed or self-employed person insured under the legislation of a Member State is entitled, in respect of family members who live in another State, to the family benefits under the legislation of the Member State in which the employee is insured. If family members do not live in the country in which the employee is insured they will, as a rule, be treated in the most advantageous manner possible. The Member State in which they are insured will pay the benefit with an appropriate supplement from the country of residence, if the rate of benefit is higher in the latter country.

### *Sickness*

- 5.78 Sickness payments are provided in the country where an employee lives and resides even if they are insured in another jurisdiction. Periods of employed insurance from another Member State may be combined to satisfy contribution conditions. This refers to cash benefits in the event of sickness. Issues in relation to the provision of health care are dealt with in Section VI.
- 5.79 Generally, this co-operation seems to be working well but there is a lack of information on these regulations that is inhibiting mobility. In many cases concerns about losing benefits are unfounded. It is recommended that a much enhanced information service be made available to ensure that people are aware of their entitlements when moving between jurisdictions. In this area there is an existing body of law that facilitates mobility. However, there is a problem regarding the provision of information given the complexity of the social security code. Many of the general recommendations set out below are focused on improved dissemination of information.
- 5.80 There is some overlap between the Recommendations in this Section and the earlier Recommendation 6 that dealt primarily with taxation. These additional recommendations seek to add to this recommendation and broaden it where possible.
- 5.81 Recommendation 17 proposes a link from the Social Security Agency's website in the North to the website for the Department of Social, Community and Family Affairs and vice versa. Of course, it is important to ensure that web-based approaches to providing information take account of the fact that access to the internet is unevenly distributed throughout society. This highlights the importance of including relevant information on all leaflets where feasible.
- 5.82 It is also proposed to encourage further cross-border training/placements aimed at improving customer services. This could be extended to other areas but it is felt that the immediate needs are in this area .

### *Recommendations*

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*There is considerable co-operation between both jurisdictions in clarifying social welfare entitlement issues for claimants. However there is considerable confusion that could be addressed by an improved cross-border information service. This co-operation should extend beyond controlling fraud to actively addressing anomalies that arise in the interaction of the two social security regimes, and to prevent claimants 'falling between two stools'. We propose a review of the operation of the existing bodies that are involved in providing information both to migrant and cross-border workers. This would involve an assessment, inter alia, of the services currently being provided by the EURES and TRASNA organisations. A one-stop shop should be established in the border region where people can access information on mobility. The so-called 'posted workers' option allows individuals to continue to make Northern Ireland social contributions while working in the South. There are not significant benefits in doing this given the aggregation principle discussed above, but people prefer to have a continuous payments record in one jurisdiction. This option should be highlighted in the context of the better provision of information. (Recommendation 16)*

*It would be useful if there was a link from the Social Security Agency's website in the North to the website for the Department of Social, Community and Family Affairs and vice versa. (Recommendation 17)*

*The Social Security offices on both sides of the border do work together to some extent with links at senior level sharing best practices. Recently the Irish Social Security office has sent twelve placements to work in the North for one week. Further cross-border training/placements should be encouraged especially in the border offices aimed at improving customer services. (Recommendation 20)*

*Information to establish entitlement to benefit is obtained from a number of sources in Northern Ireland. In some cases, the overseas office in the UK that processes information on entitlements earned working in the South is located in England. We propose that consideration is given to arranging that workers who have spent time working in the South should have their claims processed in a branch located in Northern Ireland. Alternatively it should be made easier for Social Security offices in Northern Ireland to access that information quickly. (Recommendation 18)*

### *Job-seekers Mobility*

5.83 The mobility of persons looking for work also needs to be considered. In accordance with European Community Regulations, job-seekers may continue to be paid for a maximum period of three months (or 92 days) whilst living in another country and looking for work providing:

- before leaving their country of origin, they were in receipt of contributory jobseekers allowance for at least four weeks, and
- they register for employment in their new country.

The same rules apply North and South.

### *Recommendation*

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*We recommend that the UK and Irish authorities consider extending on a pilot basis the period allowed for a person to retain their benefits while looking for work in Ireland or Northern Ireland to six months. Participation in appropriate training or job placement initiatives might be usefully considered as a condition of this extension. While the number of individuals involved may be limited, this extension would be on a reciprocal basis and would support mobility. (Recommendation 19)*



## VI Health, Childcare, Housing and Transport

### Health

- 6.1 In the North there is a comprehensive range of health and personal social services which are largely available free of charge through the NHS infrastructure. An individual who lives and works in the North, irrespective of salary earned, has access to a medical card, free GP visits and relevant cheaper prescriptions.
- 6.2 In the South there is a mixed public/private healthcare system. Low income groups only are eligible for the full range of services free of charge. Low income groups are defined as ‘persons who are unable without due hardship to arrange general practitioner services for themselves and their dependants’. Access to a medical card in the South is means tested except for recent changes concerning pensioners. The reality is that the threshold is low; those who earn over a certain income a week are in general not eligible for a medical card in the South. Approximately 67% of the population in the South are not covered by medical cards and therefore have to pay for primary care services (IR£20 for a GP visit and IR£30 for the services of a Doctor-On-Call) and are entitled to a bed in a public ward of a hospital, but are subject to a charge of IR£26 a night.
- 6.3 As a result a large percentage of the population in the South are privately insured with either VHI or BUPA. Without private insurance cover, individuals from the South who require treatment may find it difficult to access services from hospitals in the North without having to pay. Even for those who have insurance with VHI or BUPA, only five hospitals in the North currently accept Southern health insurance.
- 6.4 In the context of private health insurance there is also a regulatory dimension to be aware of. This relates to the ability of an insurer in one Member State to conduct business in another under the EU Non-Life Insurance Directives. For example currently VHI is not an authorised insurer for the purposes of availing of the Single Market provisions, and would not therefore be in a position to sell private health insurance cover to residents of Northern Ireland.
- 6.5 On a positive note there is existing provision through EU regulations that encourages mobility between the two jurisdictions of Ireland. An individual living in the South and working in the North has the EU status of frontier worker and is therefore automatically entitled to a medical card in the South linked to their residency, without a means test. Similarly, an individual who lives in the North and commutes to work on a daily or weekly basis in the South will continue to be able to access healthcare in the North, as the medical card is linked to residency. Thus, for individuals who commute to work on a daily/weekly basis outside their jurisdiction, entitlement to health care is not such a major issue.
- 6.6 In addition there is also provision through EU-wide arrangements for so-called ‘posted workers’ through the E128 form. A posted worker is an individual who has been temporarily relocated by their employer outside their home jurisdiction and will live and work (perhaps with their dependants) in the jurisdiction where they have been posted. The E128 form certifies entitlement to full health cover for posted workers and their dependants who accompany them abroad, and also for students and their dependants who accompany them abroad for the duration of the course.
- 6.7 The entitlement under the E128 form is for an initial period of 12 months with potential extension up to 24 months. The E128 form does not need to be registered in the country of posting but is presented at the time of treatment. In effect the E128 form entitles the individual and his/her dependants to treatment on the same basis as a medical card holder. So if an individual is relocated by their employer from the North to the South and they and their dependants move to live in the South for the period of the posting, they will be able to access full medical treatment whether or not it is of an emergency nature i.e. free GP access and prescriptions, and free public hospital treatment for any condition.
- 6.8 It is clearly evident that there is no healthcare obstacle for frontier workers who commute on a daily/weekly basis between both jurisdictions of Ireland, nor for posted workers who move to live and work in the other jurisdiction of Ireland due to a secondment through their employer.<sup>1</sup> There may however be gaps in awareness about the eligibility of frontier workers and posted workers for medical treatment through EU regulations and in particular the existence of the E128 form, given that both individuals and companies who participated in case studies demonstrated little awareness.
- 6.9 Therefore the main obstacle that remains is related to the cost of accessing healthcare for a person who

moves from the North to take up a new post in the South and who subsequently lives and works in the South. This assumes that the individual's move to the South is not linked to a posting/secondment arrangement with their employer, but is based on a new post with a different employer in the South. In this instance the individual from the North (and their dependants) will have to pay for healthcare services on the same basis as residents of the South – charges that are illustrated in Table 6.1. The reverse is obviously not the case, given the NHS infrastructure in the North. Thus if an individual moves to live and work in the North, they and their dependants can access general medical services free of charge on the same basis as Northern Ireland residents. The latter could potentially be a positive factor influencing mobility from South to North as is illustrated by one of the individual case studies referred to later in this Section.

**Table 6.1 Summary of Cost Differentials**

	<i>North</i>	<i>South</i>
GP Appointment	Free	IR £20 GP Visit
Doctor on Call	Free	£30
Prescription Charge	Fixed at £6.00 per item (apart from exemptions for certain medical conditions and individuals on benefit)	No cap applied and prescription cost varies linked to the medication subscribed.
Overnight Stay in Hospital	Free	£26

### Evidence of obstacles

- 6.10 The cost differential of accessing healthcare North and South emerged as one of the obstacles accorded highest priority by individuals who completed the Base Information Returns. It also emerged very strongly in two of the company case studies.
- 6.11 One of the two companies was in the manufacturing sector and operated both sides of the border. The company regularly monitored occupational health levels at both plants and the company suggested that the employees at the Southern plant consistently had a poorer health record. This was attributed to the fact that many of them did not regularly visit their GP and/or access prescriptions when they were sick due to the fact that they had to pay for every visit. Individuals living on the Southern side of the border were attracted to work in the Northern plant, which was not a great distance over the border, rather than the Southern plant, in that they could be categorised as a frontier worker and have greater access to free health care. Thus, recruitment and retention of employees at the Southern plant was relatively more difficult. In addition, the differential cost of accessing healthcare, North and South, was one of a number of obstacles that made it difficult for the company to offer equitable terms and conditions of employment, North and South.
- 6.12 The opinion of the company was that employees would seek whatever was best from both jurisdictions rather than what they were actually entitled to. The company indicated that they could not afford to contribute to a private healthcare scheme for all employees. Thus, given that the company employed a large proportion of lower income production and maintenance staff, the affordability of paying for healthcare in the South was a key issue. The company intervened in part to address the differential cost of accessing healthcare through funding visits by a company doctor and nurse to each plant and by arranging for a mobile screening unit to visit each plant periodically. This addressed some of the day-to-day routine healthcare issues of their staff but was not able to compensate for the differential cost of accessing hospital services.
- 6.13 The second of the two companies operated primarily in the construction sector both sides of the border. The company recently had cause, due to internal restructuring of activity, to have to relocate 70–80 staff from a Northern plant to a new Southern plant. The differential cost of accessing healthcare was one of the main obstacles raised by staff who had to undertake the move and was a key issue for the company to address. Specifically, the original Northern plant was close to the border and employed a number of staff who lived in the South. The transfer of their employment location from North to South meant a loss of their medical entitlements (i.e. medical card) because they were no longer classified as frontier workers under EU regulations. The company was willing to facilitate the introduction of private health insurance into the new Southern plant if the employees wanted it. However, this would be a facility made available at cost to the employees i.e. the employees, not the company, would be contributing and the company would have

remitted the contributions back to the scheme on behalf of the employees. It is also important to note in this example that providing private health insurance would not have fully compensated for the loss of the medical card. This is due to the fact that the extent of cover offered by private medical insurers operating in the Irish market for primary care services in particular would not be as comprehensive as that available to medical card holders under EU entitlements.

- 6.14 Interestingly, the issue of the cost of differential access to healthcare, North and South, was more acutely evident in the traditional sectors (e.g. manufacturing), relative to new sectors. One of the company case studies was an organisation in the software sector trading globally and operating out of Dublin and Belfast. The company employed high calibre graduates only and had to offer highly attractive salary and benefits packages to recruit and retain staff in a competitive market. The company regularly relocated and/or seconded staff from one jurisdiction to another and they were sufficiently successful and profitable to be in a position to afford to contribute to private healthcare schemes, North and South, for all employees. As a result of the private healthcare scheme employees who were seconded would not have had to avail of the E128 facility for 'posted workers' to access medical services. Therefore, the issue of differential access to healthcare was not seen as an obstacle to mobility.
- 6.15 The individual case studies also highlighted a number of examples in relation to the differential cost of accessing healthcare, North and South. One individual who lived in the South but worked in the North expressed the view that many cross-border workers who move to live in the South and continue to work in the North are afraid to seek advice in case they have to disclose their place of residence; they may, as a result, lose entitlements to free healthcare in the North. This case study demonstrates a lack of awareness of the entitlements under EU regulations for frontier workers in that individuals who live in the South but who commute on a cross-border basis from the South to North to work would be entitled to access medical services. In another case a solicitor and his family relocated permanently from Dublin to Belfast and the availability of free healthcare for their children was a real benefit and an important issue which they considered in making the move North. This case study illustrates the 'draw' of the Northern health system for Southern individuals considering a new post, involving a move for them and their family to the North.
- 6.16 Another individual, who participated in a focus group in Clones, Co Monaghan and who had previously lived and worked in both the North of Ireland and Great Britain before moving to take up a place on a training scheme in the South, stated that the cost of accessing healthcare in the South was a big disadvantage of her move South. Another example from the individual case studies is of an academic from Dublin who had moved to work at an establishment in the North. He had considered taking out private healthcare insurance but had decided against it because, although the insurance companies offer two schemes, North and South, he was informed that premiums paid in the North would not be transferable to the South – a key issue, given that at some stage he anticipated a potential move to the South again.
- 6.17 The final example from the individual case studies is that of a retired person who had lived and worked all his working life in the North and who moved on retirement to live in Donegal. He had a series of problems relating to the cost of continued access to hospital treatment in the North which, as a native of the North, a UK citizen and someone who had paid National Insurance contributions and tax in the North all his working life, he had never anticipated. The detailed series of events is presented in the individual case studies in Appendix D.

### **NSMC Actions**

- 6.18 Health was one of the areas agreed for co-operation by the NSMC at its Inaugural Plenary Meeting. Common policies and approaches will be agreed in the NSMC but implemented separately in each jurisdiction. In terms of health, co-operation in this area will be in the form of accident and emergency planning, co-operation on high technology equipment, cancer research and health promotion. Under the direction of the Council, Joint Working Groups of officials from the two Departments of Health have been established and will bring forward concrete proposals for action in these areas.
- 6.19 The Ministers agreed to commission the preparation of a paper making proposals for developing local collaborative projects commissioned by the Council on inter-hospital co-operation. They also commissioned the current ad hoc Regional Services Group to initiate work on scoping the development of collaboration arrangements covering renal services and radiotherapy services. In addition, the Ministers endorsed the establishment of the Working Groups on Ambulance Services and on Emergency Planning. The Council is working closely with the all-island Institute of Public Health which was established in 1998 as a forum for taking forward public health issues on a North/South basis.

- 6.20 Under the programme of activity in this sector, a Joint Health Technology Group is being set up to draw up protocols for the assessment/evaluation of emerging and new technology in relation to large high-technology equipment and to identify a programme of work for such evaluations. In the light of the significant expenditure North and South on goods and services, the Regional Supplies Services and the Healthcare Material Board will explore the scope for co-operation in procurement and the achievement of value for money in procurement.
- 6.21 All of these initiatives have the potential to improve the co-ordination of delivery of healthcare on an all-island basis and thus ultimately contribute to reducing some of the barriers relating to access to healthcare, which influence companies and individuals considering a cross-border move.

### *Recommendations*

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*Consideration should be given to undertaking a feasibility study of the possibility that frontier workers who need hospital treatment would be entitled to access hospital services at their nearest hospital, irrespective of the jurisdiction within which it is located. A system of 'transfer charging', which is currently in place for emergency operations, could be applied on a broader basis to frontier workers and their dependants. (Recommendation 21)*

*There is a need to raise awareness about the existence of the E128 form through EU regulations for seconded or 'posted' workers. This could be done through pro-active contact with employers operating on both sides of the border and who would potentially have cause to relocate/second staff between North and South. (Recommendation 22)*

*Encouragement should be given to expanding the number of hospitals in the North accepting Southern health insurance. This is a commercial matter for private health insurers to consider, in that they are entitled to determine which service providers, including hospitals, are to provide services to their members. (Recommendation 23)*

*There needs to be an objective source of information designed to inform individuals considering a move to either jurisdiction about the changes in their healthcare entitlements. This should overcome the reticence of many individuals to seek advice in case they lose their entitlements as a result. (Part of Recommendation 1)*

## **Childcare**

- 6.22 Perceptions regarding childcare infrastructure in the North compared to the South represent a potential barrier to labour mobility. This may in time be changed, at least in part, by the implementation of the Equal Opportunities Childcare Programme, 2000 to 2006 in the South which is being implemented by the Department of Justice, Equality and Law Reform. This programme will provide significant funding (in the region of £250m) for the development of childcare initiatives in the South. The dual aims of this programme are to increase the quantity of childcare places and to improve the quality of service provision in the South. The need for such a programme reflects the growing female workforce in the South, which is expected to increase by 218,000 by 2011. As the female workforce grows, so too does the demand for childcare places, with the number of children in childcare in the South set to increase by 27% by 2011, from its current level of 146,000. Similarly in the North, the increasing female workforce and need for childcare will be further supported by the investment of £55m by 2003 in the Children First' initiative.
- 6.23 Low-income families in receipt of Working Families Tax Credit are eligible for childcare support in the North. If, however, a child is placed in childcare in the South, this support is no longer available. This is a key issue for families in border regions who may consider availing of childcare in the South.
- 6.24 Childcare qualifications are not recognised or transferable across the border due to the wider issue that the vocational training systems North and South are incompatible – a subject which is detailed further in the education and training Section of this report.

### **Evidence of obstacles**

- 6.25 One of the individual case studies was of a mother who lived in the North and worked in Dundalk. On taking up her post in Dundalk she transferred her children from a crèche in Newry to one in Dundalk for convenience. Six months later, she transferred them back to the crèche in Newry because in this particular

- case she perceived that the quality of service was higher.
- 6.26 Consultation with the Border Counties Childcare Network, who also participated at the public meetings on this Study, confirmed that in border areas perception of the differential availability and quality of childcare provision was an important issue.
- 6.27 One of the focus groups held in the border region (Carrickmacross), in co-operation with the EURES employment advisor, involved individuals from the South participating in an employment-orientated vocational training programme. The issue of childcare was a key factor raised by this group, with the perception that the availability of quality provision was much greater in the North. In addition, when some of the attendees at the focus group had investigated the possibility of attending full/part time education to enable them to re-enter the workforce, they perceived that the local partnerships were much more open to providing funding for childcare relative to state organisations.
- 6.28 One of the company case studies highlighted the fact that in the North, they could offer employees childcare vouchers as part of the UK Government Scheme and that in the South they could not offer their employees any similar benefit. In the end, the company equalised terms and conditions of employment, North and South by offering employees in the South additional medical cover for dependants instead of childcare vouchers. (From a company perspective, however, various issues are relevant, including the existence of specific schemes and also differential comparative tax and other factors).

### *Recommendations*

*We recommend the provision of funding support for voluntary agencies interested in providing North/South childcare facilities in border regions. This would be targeted specifically at agencies operating on a cross-border basis. (Recommendation 24)*

*Encouragement of applications for funding from the Southern Border Counties under the Equal Opportunities Childcare Programme 2000 to 2006. (Recommendation 25)*

## **Housing**

- 6.29 The cost of housing has emerged as a significant barrier to mobility. In the surveys of individuals, over 50% stated that it was important or very important. A similar view was provided by the survey of recruitment agencies. Employers in the South also stressed this issue when discussing their problems in attracting potential employees from the North. One of the case studies involved an unemployed Northern individual, who was job-seeking in the South, and who stated that he needed to secure a much higher salary to compensate for the higher housing costs in the South. It is also a factor affecting student mobility. A number of students from the North expressed the view that the high cost of housing reduced the attractiveness of colleges in the South, particularly those in the Dublin area.
- 6.30 There are a number of features of this issue that are worthy of comment. Firstly, housing costs are clearly significant. They represent a large component of household expenditure and, crucially, are the principal item of expenditure where large price differences exist between North and South. Thus, they fall into the category of a significant potential barrier. Secondly, housing is obviously an obstacle in one direction, unlike other issues. Thirdly, the relatively high cost of housing in the South is a general economic and social problem that may not be amenable to an administrative solution, like a number of issues raised in this report. The cost of housing is ultimately a function of demand relative to supply. Finally, this is an issue facing all migratory workers and not just frontier workers.
- 6.31 Table 6.2 shows average new house prices in the North and South for the period 1995 to 1999. These are expressed in local currencies in both cases. In 1995 house prices North and South were broadly comparable. Since then, however, prices have diverged. In the South, as the Table shows, new house prices have doubled over this period with double-digit growth in most in all years. House prices in the North have also risen but at a more modest pace.

**Table 6.2 Average new house prices in the North and South in local currencies**

	1995	1996	1997	1998	1999
Republic of Ireland (IR£)	61,425	68,677	80,506	98,683	116,970
Northern Ireland (Stg£)	62,000	65,000	68,000	71,000	75,000

Source: Department of the Environment (IRL), Department for Social Development (NI).

- 6.32 By 1999, average new house prices in the South were IR£116,970 compared to Stg£75,000 in the North, a gap of over £40,000. Thus, in common currency terms, given an Irish Pound/Sterling exchange rate of 0.8, prices in the South are considerably higher. Notwithstanding lower interest rates in the South, home-owning migrants from the North would need a larger after-tax income to compensate for the higher cost of housing in the South. Differentials in gross incomes need, however, to be taken into account.
- 6.33 This analysis does not take account of regional price differences. Table 6.3 shows regional price data for the South. There are considerable differences between house prices in the Dublin area compared to other areas. House prices in Dublin are IR£40,000 higher on average than houses in Cork the next most expensive area. Interestingly, prices in the Other Regions category, which represents the entire State outside the main cities, are higher than in Limerick and Waterford.

**Table 6.3 Average prices of new houses for which loans were approved (IR£)**

	1996	1997	1998	1999	2000
SOUTH	68,677	80,506	98,683	116,970	133,249
CORK	67,219	75,642	88,312	111,052	131,174
DUBLIN	76,439	96,111	126,561	152,414	174,622
GALWAY	73,283	86,557	93,514	109,415	129,022
LIMERICK	65,589	71,729	82,102	95,988	114,854
WATERFORD	62,835	72,147	85,021	103,998	114,758
OTHER REGIONS	64,652	74,554	91,821	107,873	121,324

Source: Department of the Environment, Dublin

- 6.34 Table 6.4 shows the position for second-hand houses. Regional price differentials are broadly the same as for new houses and reflect different income levels between regions.

**Table 6.4 Average prices of second-hand houses for which loans were approved (IR£)**

	1996	1997	1998	1999	2000
SOUTH	67,438	80,892	105,950	128,622	150,070
CORK	60,762	69,727	86,972	109,844	133,149
DUBLIN	82,246	103,374	138,942	165,869	194,559
GALWAY	69,321	79,379	99,953	115,892	130,850
LIMERICK	55,969	61,632	76,229	93,777	111,982
WATERFORD	49,582	57,735	73,990	91,175	111,568
OTHER REGIONS	58,430	68,004	88,111	106,397	124,783

Source: Department of the Environment, Dublin

- 6.35 As discussed earlier, the cost of housing is ultimately a function of demand relative to supply and the high costs in the South, relative to the North, primarily reflect the higher demand in the South. Thus, there are no easy solutions. Increasing the supply of housing is the main policy response of the Irish government and we would clearly support this view. Any policy recommendation included in this Report, which aims to facilitate cross-border mobility, takes this into account. Noting the above, however, we have identified a number of issues during the course of our research that could be addressed.
- 6.36 As with many issues discussed in this Study, there are problems with mis-information. Undoubtedly house prices in the South are now higher than in the North but there is a need to highlight information on regional prices. This is primarily a role for the private sector and it is hard to accept that there is strong market failure argument in favour of government intervention. It is envisaged that more information on this issue could be made available through existing government-funded cross-border networks.

- 6.37 One of the case studies involved an individual moving from the South to the North to take up a new post. The individual was moving with his family and had never visited the North before and had preconceptions about ‘the Troubles’. One of the key difficulties they had to face in moving North was sourcing objective advice on suitable areas in which to buy a house.
- 6.38 Governments in both jurisdictions provide assistance to voluntary associations to assist in building housing for individuals who meet various criteria. These supply-side schemes are often targeted at particularly vulnerable groups, such as the elderly and people with disabilities. We believe there is some merit in the government administrations in the North and in the South developing some initiatives on a cross-border basis. This could involve the provision of capital assistance to voluntary housing bodies who are involved in developing housing on a North/South basis to meet special housing needs such as those of elderly, homeless, people with disabilities or very low income families. This could assist North/South mobility between these groups by encouraging North/South co-operation.
- 6.39 Other schemes should also be considered that could facilitate North/South mobility. For example, consideration should be given to introducing a cross-border loan scheme for home purchase. This would apply to low-income individuals wishing to move to the other jurisdiction subject to certain conditions. The North/South administrations could consider these possibilities further.
- 6.40 There is also a potential issue in relation to local authority housing lists. Local authorities will not permit an individual to be placed on a housing list unless they are actually living in the area. Thus, an individual considering moving between jurisdictions cannot apply to be put onto a list until they have *actually* moved. This also has implications in relation to Voluntary Housing projects where 75% of applicants must be on a housing list. This is an important issue with consequences for a number of potential recommendations designed to encourage mobility.
- 6.41 This could affect mobility and we believe that local authorities should permit access to their housing lists from residents in both jurisdictions. Of course, it should be noted that current arrangements do not disadvantage persons moving between jurisdictions as the same regulations apply to persons outside their immediate area irrespective of jurisdiction. However, changes in the provision may improve mobility, given the importance of housing as an issue.
- 6.42 In addition, we recommend that the Home Guarantee Bond Scheme should be reviewed to establish whether changes could be made to facilitate builders from the North moving to the South. This could contribute to the easing of the current supply problems in the South.
- 6.43 While housing represents an obstacle to mobility, addressing all the issues in this extremely complex and far-reaching policy area is outside the scope of this Study. The recommendations in this Section seek to promote mobility by addressing these obstacles in an equitable manner.

### *Recommendations*

*Information on regional differences in house prices in the South should be highlighted as well as tax benefits for residents that may accrue in relation to tax incentive properties. (Recommendation 26)*

*Government administrations in the North and in the South to provide capital assistance to voluntary housing bodies who are involved in developing housing on a North/South basis to meet special housing needs such as those of elderly, homeless, people with disabilities or very low-income families. This could assist North/South mobility between these groups. (Recommendation 27)*

*The North/South administrations should consider the introduction of a cross-border loan scheme for home purchase. This could assist low-income individuals wishing to move to the other jurisdiction subject to certain conditions. (Recommendation 28)*

*We believe that local authorities should permit access to their housing lists from residents in both jurisdictions. (Recommendation 29)*

*The Home Guarantee Bond Scheme should be reviewed. (Recommendation 30)*

## Transport

- 6.44 Transport infrastructure and services represent an important barrier to mobility if they hinder freedom of movement across the border in either directions. Large numbers of people use cross-border roads every day, whether by private car, commercial vehicle or by bus.
- 6.45 The research identified three areas in which obstacles arise:
- Cross-border roads;
  - Rail and air services; and
  - Bus services.

### Cross-border roads

- 6.46 There is an extensive network of cross-border roads all along the border between North and South. A programme of investment was undertaken by the two governments during the 1990s, funded jointly with the European Union under the Peace Programme and INTERREG II. This programme involved significant co-operation between roads authorities on both sides of the border in the re-opening of cross-border roads and the selection of projects under both Programmes.
- 6.47 Further investment is planned under the new INTERREG IIIA Programme for the period 2000–2006. We understand that, unlike the previous round of Structural Funds, the 2000–2006 INTERREG IIIA Programme and the PEACE Operational Programme do not make provision for stand-alone non-national road schemes in the South. However, the National Development Plan in the South has allocated expenditure of IR£1,900 million on non-national roads, of which it is expected that a minimum of IR£848 million will be spent in the BMW region. This will benefit border counties and cross-border travel and local authorities will be asked, in making applications for funding, to have regard to the possibilities of enhanced North/South co-operation and to consult with the relevant Northern Ireland authorities where appropriate. The Roads Service in Northern Ireland is in regular contact at both central and local level with road authorities in the South and is involved in a number of cross-border road studies.
- 6.48 Despite this recent and further planned investment, there remains a high level of concern in border areas with the condition of cross-border roads. In many cases, the volume of traffic might not justify investment on the basis of standard economic appraisal of cross-benefit analysis, if existing rather than potential future demand is utilised.
- 6.49 It is important that the main strategic routes across the border, including the roads on the Regional Strategic Transportation Network for Northern Ireland and the national road network in Ireland, are upgraded so that they facilitate the safe, efficient and rapid movement of both people and goods. Non-national and other cross-border roads should be maintained in a satisfactory condition.

### *Recommendations*

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*Enhanced funding should be provided via INTERREG IIIA and through national government programmes to support the development of cross-border road networks. (Recommendation 31)*

*On-going co-operation between local authorities in border regions and national administrations should involve planning for road infrastructure on an island-of-Ireland basis. (Recommendation 32)*

### Rail services

- 6.50 The Enterprise service between Belfast and Dublin has been significantly upgraded in recent years. Following major investment in track replacement and new rolling stock in recent years funded by the European Structural Funds, the average journey time is now two hours and five minutes and eight daily return services operate between the two cities.
- 6.51 Usage of the services has grown significantly (currently rising at 7–8% per year) although over the last year, services have been frequently interrupted by security alerts on Northern sections of the line. This causes

frustration for passengers who are usually bussed between the stations on the section of line affected by the alert. The effect on passengers is a loss of time and convenience and a reluctance to rely on rail travel as a secure means of transport. This inconvenience was highlighted as an obstacle in one of the company case studies carried out for this Study. A software/telecommunications company based in Dublin and Belfast indicated that the unreliability of rail services, due to security alerts, resulted in the company hiring transport to ferry people who regularly travelled between Belfast and Dublin.

- 6.52 We understand that the service is increasingly used by commuters, particularly those travelling to Dublin from Dundalk and Newry and even from Belfast. A wide range of discount tickets is available including free travel for pensioners, discounts for students and weekly tickets for commuters (although not between Belfast and Dublin). There is also limited free travel on onward services at either end. The growth in traffic is reaching levels at which consideration will need to be given to increasing capacity in the form of additional services.
- 6.53 The individual case studies highlighted an example of the lack of integration between the two rail networks. An individual who regularly travelled from Belfast to Cork expressed concern about the fact that he could not access information on connecting trains from Dublin to Cork from Northern Ireland Railways (NIR). NIR did not have connecting timetables available and therefore to find out times of connecting trains from Dublin to Cork, the individual had to make an 'international' call to the Southern rail network. We understand that NIR and IE are making progress in the provision of passenger information.

### **Air Services**

- 6.54 There is currently only one North/South air service between Derry and Dublin. There would be benefits in terms of North/South mobility if a competitive Belfast–Dublin air service was available. We realise, however, the difficulties in developing viable new air links. If in the future any interest emerges from scheduled carriers to consider such a link, support, including co-funding for feasibility studies and co-operative support from airport authorities should be forthcoming.

### *Recommendation*

*If interest emerges from scheduled airlines for a Dublin–Belfast air link, support should be forthcoming, including co-funding for a feasibility study and promotional and other assistance. (Recommendation 33)*

### **Bus services**

- 6.55 There is an extensive network of cross-border services provided by both public and private transport operators. However, many people living in border areas feel that the level of service in rural parts of the border region presents an important obstacle to mobility. This issue was further highlighted in two of the company case studies carried out on companies operating in border areas. One such company operating in the North-West border region viewed the public transport service in both directions as very poor. The company felt that this lack of public transport was a real barrier to mobility for junior/low earners who did not have access to a car. The company sought to address this barrier by trying to encourage car-pools and sometimes organising a minibus during busy periods. Another company operating in the central border region expressed a similar view. No public transport serviced one of its plants in the South and employees had to organise car-pools to get to work. The organisation highlighted that this arrangement worked well for employees who already worked in the organisation and in a rural area where many employees knew each other outside work. However, they felt that for a potential employee from outside the locality thinking of joining the company, the lack of public transport could be a real obstacle.
- 6.56 Bus services need improved in rural areas in terms of both their quantity and quality. Relatively low levels of patronage mean services are unlikely to be viable without revenue support. Future emphasis may be on less conventional services, such as buses with flexible routes which respond to passenger demand, community buses and schemes for sharing cars or taxis. A range of rural transport initiatives has taken place, or is taking place, in both jurisdictions. These generally relate to the investigation and piloting of properly funded initiatives to see what best suits the demand for public transport services in rural areas. In the South, the recently launched Rural Transport Initiative is designed to fund public transport services in rural areas provided by community-led organisations. In the North the Rural Transport Fund has established

15 Rural Community Transport Partnerships operating minibus services and car-pools, many in border regions.

### *Recommendation*

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*Seed capital funding should be provided to support voluntary groups and other providers interested in operating rural bus services in cross-border regions. (Recommendation 34)*

### **NSMC Actions**

- 6.57 In concluding on the transport issues and recommendations it is important to highlight actions in progress through the work of the NSMC. Transport was one of the areas agreed for co-operation by the NSMC at its Inaugural Plenary Meeting. Common policies and approaches will be agreed in the NSMC but implemented separately in each jurisdiction.
- 6.58 In terms of transport, co-operation will be in the form of Strategic Transport Planning, including road and rail infrastructure and public transport services and Road and Rail Safety. Included among the decisions agreed by the NSMC at its December 2000 meeting were:
- That opportunities would be identified for co-operation in strategic transport planning, including: a review of strategies for the development of cross-border national/arterial roads; a review of the scope for further development of cross-border rail and bus services; and opportunities for practical co-operation on the implementation of specific transport projects. A detailed work programme based on these opportunities is to be drawn shortly;
  - That Joint Road Safety Campaigns would continue to be promoted by the Department of the Environment and the National Safety Council with one such campaign envisaged annually;
  - That research would be undertaken by the relevant authorities on both sides of the border on road accidents in certain border areas;
  - That the scope for developing mutual recognition of endorsements for road traffic offences should be explored; and
  - That a detailed work programme on Rail Safety would be prepared, based on identified opportunities for co-operation.
- 6.59 The first decision in particular (i.e. the identification of opportunities for co-operation in relation to strategic transport planning) and the outcomes of the work programme will have an important impact on reducing the barriers to cross-border mobility.

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### **Endnote**

- 1 For clarity it is worth noting that the E111 form covers mobility between the two jurisdictions of Ireland linked to holidays rather than extended stays linked to employment or study. There has been a long standing agreement between both jurisdictions of Ireland that there is no charge back mechanism for Northern holiday-makers requiring treatment in the South and vice versa.

## VII Education and Training

### Introduction

- 7.1 As highlighted in Section III, in 1999/2000 there were 3,782 students from the South enrolled on higher education courses at Northern institutions, considerably more than the 1,008 students from the North on higher education courses at Southern institutions.
- 7.2 UK and Irish academic qualifications are generally widely recognised by employers in the other jurisdiction. However, vocational qualifications are less common currency. For example, at the vocational craft level and below employers seldom cite vocational qualifications in job advertisements. However it has been suggested to us that this trend may not continue. In the public sector, for instance, there is a trend towards a tightening-up of skill requirements, implying that vocational qualifications may increasingly be a requirement for employment.

### Professional and Regulatory Bodies

- 7.3 Professional bodies have significant discretion in relation to the recognition of qualifications. There appears, in relation to the recognition of qualifications awarded within the other jurisdiction, to be a general level of recognition and ease of re-registration but also some significant examples of non-recognition and hence obstacles to mobility.
- 7.4 An important example of inconsistency is evident within the health sector. Registration/accreditation of nursing, medical and PAMs (Professions Allied to Medicine) is carried out in the two jurisdictions by separate bodies that often have different sets of requirements. Similarly, undergraduate and postgraduate training is organised and accredited by different bodies in the two jurisdictions and in many instances reciprocal recognition does not exist. All of these issues clearly impact on mobility, short-term secondments and cross covering arrangements in border regions. Medical doctors who have qualified within the Northern jurisdiction cannot practise in the South, whereas for nurses there is an easier process of re-registration from North to South and vice versa.
- 7.5 Inconsistency can surround the practical implementation of EC Directives and demonstrate the difficulty surrounding the law of mutual recognition. An example of this is the 'Qualified Person' requirements in Article 31 of Directive 81/851/EEC, which determines the requirements of a licensee for the quality assurance of veterinary medicine manufacture prior to the release of licensed pharmaceuticals onto the market.
- 7.6 One of the individual case studies related to a Quality Manager from the Northern jurisdiction who achieved his training linked to the Royal Society of Chemistry. However upon joining a veterinary medicine manufacturing company in the Southern jurisdiction, his qualifications/experience were not recognised by the Irish Medicines Board due to the different outputs of the study routes i.e. Royal Society of Chemistry Certificate versus postgraduate Diploma in the Southern jurisdiction. This was despite the same syllabi and standard of assessment. The Quality Manager undertook a two-year exercise to have his qualification recognised by the Irish Medicines Board via contact with his professional body (Royal Society of Chemistry), the European Commission, DEL and finally the Minister for Health and Children in the South, whilst still having to retrain.
- 7.7 It is important that there is maximum co-operation on the recognition of professional qualifications. For example, attempts have been made in the health sector to initiate exchanges within a small number of specialities e.g. there is a specific system of exchange of trainees in the area of paediatric surgery, with the training periods recognised in both jurisdictions for the purposes of accreditation. The Co-operation and Working Together Initiative (CAWT) also has a formal agenda to foster co-operation for mutual recognition of professional qualifications. Nevertheless, success to date has been limited to a few specialities where it has been difficult to maintain a programme only in one jurisdiction e.g. neurosurgery and paediatric surgery. Despite their all-Ireland remit, the Royal College of Physicians and the Royal College of Surgeons in Ireland are only able to organise training within the South. Training in the North is organised in association with the UK colleges, as they are the bodies responsible for providing accreditation in that jurisdiction.

- 7.8 A key issue across all these areas will be the freedom of any UK recognition bodies to move away from overall UK policies and practices towards local solutions. Professional bodies for those regulated professions covered by the EU General Systems Directives (89/48 and 92/51) are required by law to recognise the equivalent professional qualifications from other EU Member States, although they may require an aptitude test or period of adaptation. However, this can be difficult to implement where it is not backed up by a legal instrument.

## **EU Directives on Mutual Recognition of Qualifications**

- 7.9 The European Commission has taken action to clarify and strengthen the existing law on the mutual recognition of qualifications. Directive 1999/42/EEC of the European Parliament and the Council of 7 June 1999 established a mechanism for the application of existing Directives on the recognition of qualifications in respect of self-employment. It also extended the reach of the existing mutual recognition Directives to encompass qualifications gained after short periods of post-secondary training, and made it compulsory for the authorities of the host Member State to recognise educational qualifications without persons with the required skills having to provide evidence of professional experience.
- 7.10 Although Directive 1999/42 has now come into effect, we understand that no Member State, including Ireland and the UK, has transposed it into national law. The Directive applies to certain occupations and self-employment categories that are regulated by law. It would appear that neither the UK nor Ireland has such occupations/self-employments that are regulated by law.
- 7.11 Earlier Directives (89/48/EEC and 92/51/EEC) relating to professional qualifications obtained after periods of post-secondary education have been transposed into Irish law and cover approximately 40 professions. A number of these professions refer to teachers from primary to third level. While a case in the European Court of Justice (the Groener case) established the State's right to require teachers to demonstrate a competence in the Irish language, the Department of Education and Science recently relaxed this requirement in respect of second-level teachers. This relaxation should contribute to increased mobility in this profession.

### *Recommendations*

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*All professional and regulatory bodies North and South should be encouraged and supported to work towards mutual recognition of qualifications. (Recommendation 35)*

*Recognition of qualifications in the medical profession should be instigated involving the relevant medical organisations, North and South. It could also consider the practical issues associated with widening out the exchange of trainees in medicine, to include wider specialities. (Recommendation 36)*

### **Vocational Training**

- 7.12 Another issue of relevance concerning North/South mobility relates to vocational training. Both jurisdictions have traineeships and apprenticeships but accreditation and recognition issues can create obstacles to mobility.
- 7.13 In the North, the traineeships last up to two years and result in an outcome of National Vocational Qualification (NVQ) Level 2. The students participate full time, and the traineeship incorporates a work placement element and off-the-job training at an FE college. As they are not yet in employment the students receive a training allowance. A similar traineeship system exists in the South linked to off-the-job training at Regional Technical Colleges and this has traditionally resulted in qualifications which are broadly equivalent to City & Guilds standards in the North.
- 7.14 There is access for individuals from the North to traineeships in the South and vice versa. It was the case previously that an accommodation address in the jurisdiction was a requirement for access to training in the other jurisdiction. This requirement has now been removed as a result of consultation between DEL and FAS. Consultation with FAS, DEL and EURES advisors in the border regions during the course of this Study suggested that the removal of the accommodation address requirement had resulted in an increase of individuals from the Southern border counties commuting to access training in the North. The issues that exist and which have the potential to impact on mobility are related to the training allowances. Whilst there

- is no requirement currently in EU law requiring the payment of training (maintenance) allowances, Northern Ireland trainees are usually paid an allowance by FAS when attending training in the South. Trainees from the South are not paid training allowances unless training in the North. In border regions if a trainee in the North cannot find a suitable work placement in the North, they can be placed with an employer over the border in the South and continue to access their off-the-job training and training allowance in the North.
- 7.15 The apprenticeship systems in both jurisdictions are employer-linked and standards-based (i.e. not based on time served). The support for the employee undertaking the apprenticeship is linked to the location of the employer<sup>1</sup>; there are no training allowances. The Modern Apprenticeship system in the North leads to the attainment of an NVQ and the Apprenticeship system in the South leads to the attainment of a National Craft Qualification. In effect, the location of the employer drives the funding, process and outcome of the apprenticeship. A young person from Dundalk but employed in Newry would receive an NVQ as the outcome and similarly a young person from Newry but employed in Dundalk would receive a National Craft Qualification as the outcome.
- 7.16 There is a route for accreditation of prior learning to facilitate the transfer of an individual between the two systems, before the apprenticeship is completed, but it is both cumbersome and complex, and may be an obstacle to mobility. This was illustrated by a company included as a case study operating in the construction sector on both sides of the border. This company reported difficulties relating to part-qualified candidates on the apprenticeship system in the South who moved to the Northern site to work and who were unable to slot into the NVQ system part-way through. In theory this should be possible as there is a process for accreditation of prior learning, but it is both bureaucratic and complex. It is possible that the company was either not aware of the process for prior accreditation or that it found it too difficult to pursue.
- 7.17 In terms of awarding bodies for vocational training there are structural differences between North and South. In the North there are over 70 awarding bodies for NVQs in the North and a much more centralised system in the South with only one or two awarding bodies for the respective qualifications. The recently established National Qualification Authority of Ireland (NQAI), whose remit is to liaise with international bodies to facilitate the recognition of qualifications, is well placed to address cross-border issues, with a view to improving mobility.
- 7.18 In addition to the issue of access to the training elements of the vocational systems North and South, it is important to focus on the mutual recognition issues with employers. The mutual recognition of NVQs from the North and the respective Southern qualifications is becoming an issue in the context of North/South labour mobility. In addition it was highlighted by one consultee that there is a lack of official information on the subject. This is well illustrated by the visit of the Bricklayers Union from Dublin to Newry College of Further and Higher Education to gain clarification on construction NVQs. This was prompted by the number of young recently-qualified Northern apprentices working on Dublin building-sites.
- 7.19 There has been recent progress in mutual recognition in areas where particular demand and interest (e.g. plumbing, electrical, toolmaking qualifications) stimulated co-operation (involving unions, employers, DEL/FAS and curriculum bodies) to achieve recognition. It is fundamental to recognise in this context that there is an East–West as well as a North/South dimension. For GNVQs the CCEA in Northern Ireland has control, but for NVQs the Qualifications Curriculum Authority in the UK is the key body. Therefore, any progress to achieve mutual recognition of qualifications needs to have an East–West as well as a North/South dimension. FAS and DEL can work to facilitate and influence mutual recognition of vocational qualifications but are not the only parties involved.

### *Recommendations*

*Joint accreditation of vocational training should be introduced as a priority where appropriate. (Recommendation 37)*

*Consideration should be given to the harmonisation of the competencies and standards encompassed in training courses between both jurisdictions so that the mutual recognition of the outcomes is an easier process. (Recommendation 38)*

*There has been progress in achieving mutual recognition of qualifications in a few trade areas (e.g. toolmaking, electrical and plumbing). This provides a good basis for further work to expand mutual*

*recognition of the outcomes of vocational training in a wide range of subject areas. (Recommendation 39)*

*Consideration should be given to more flexibility on a North/South basis as regards the issue of place of residence in obtaining access to training allowances. This is an issue already under consideration by DEL and FAS but is one that is influenced by EU-wide regulations. Thus there are UK wide considerations to the issue of payment of training allowances to students/trainees from outside Northern Ireland/UK. (Recommendation 40)*

## **Other Issues**

- 7.20 One of the company case studies highlighted the fact that when they transferred accredited employees participating in the Northern 'Investors in People' (IIP) award scheme to the Southern jurisdiction, there were problems with accreditation to the equivalent Southern 'Excellence through People' award. However, an exemption model is being developed and is currently being consulted on with IIP UK and FAS. Consideration is also being given to partial exemption, cross-over and evidence gathering and reporting mechanisms.
- 7.21 Another potential obstacle to the cross-border mobility of employees is that there is no mapping across between the training support initiatives from DETI and Enterprise Ireland. For example, if the Northern site of a cross-border company is undertaking a training needs analysis linked to the Company Development Programme, DETI support for training is terminated if the individual is transferred to the Southern jurisdiction. The company has to intervene every time to make sure that the individual can complete their course. This is a potential barrier to cross-border mobility. While this can be a complex issue for the development agencies, we believe that the potential for integration should be investigated further.

## **NSMC Actions**

- 7.22 Education was one of the areas agreed for co-operation by the NSMC at its Inaugural Plenary Meeting. Common policies and approaches will be agreed in the NSMC but implemented separately in each jurisdiction. In terms of education, co-operation will be in the areas of education for children with special needs; educational under-achievement; teacher qualifications; school, youth and teacher exchanges. To date, the Council in this sector has:
- approved updated arrangements for taking forward the Programme of Work;
  - agreed a range of cross-border related actions on education and youth services sectors to be supported in response to the new PEACE II Operational Programme;
  - agreed to organise a joint conference in the area of Language Learning and to repeat the 'Doors' project, a successful joint venture which involved live performance by young people, North and South; and
  - approved a study by the Centre for Cross-Border Studies in Armagh on youth and teacher exchanges.
- 7.23 Under the programme of activity in this sector, Joint Working Groups of Officials from the two Departments of Education, which have been established, are in the course of bringing forward concrete proposals for action on the following four areas:
- Special Education Needs Provision
  - Educational Underachievement
  - Teacher Qualifications, and
  - School, Youth and Teacher Exchanges.
- 7.24 Furthermore, recommendations for putting into place delivery measures and projected timescales for addressing and reporting on these tasks will be considered. Encouragement and support too are planned in the form of conferences, study groups and study visits aimed at sharing expertise and building more effective networks of education professionals, North and South.

- 7.25 This work undertaken by the NSMC will clearly have the potential to improve North/South mobility through a clearer understanding of the issues in the areas of activity identified and the development of associated protocols designed to address the constraints.

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## **Endnote**

- 1 At this stage the individual is an employee of a company that supports them on the apprenticeship.



## VIII Employment Legislation and Recruitment Practice

- 8.1 Over the last 30 years, developments in employment law have resulted in a high level of harmonisation on both sides of the border. Overall, whether from the perspective of employment practices or individual entitlements, the nature of employment law, North and South, has become more consistent. Both jurisdictions have numerous examples of indistinguishable legislation principally arising from the impact of EU law and the common approach adopted by the respective governments in implementing this legislation. One of the major impacts that EU membership has had is the removal of the perceptions of disharmony and separation on either side of the border in relation to freedom of movement in the employment sphere.
- 8.2 Nevertheless, there remain some minor variations in employment law which have the potential to impact on mobility between North and South. These are detailed in the Employment Legislation and Recruitment Practice Expert Working Paper in Appendix E and include for example:
- in the specific area of casual employment, a greater level of protection is conferred on casual workers in the South who are generally guaranteed some measure of pay, unlike their counterparts in the North;
  - the statutory minimum periods of notice for employees with a long service record is a maximum of 12 weeks in the North and 8 weeks in the South; and
  - in the South, the criteria for statutory redundancy entitlements are calculated in a different way to the North and generally provide a more generous redundancy payment than the North.
- 8.3 From a recruitment perspective, both jurisdictions have similar legislative provisions outlawing discrimination in recruitment practices on the grounds of issues such as gender, marital status, family status, sexual orientation, religion, age, disability, and race. As a result employers all over Ireland must be careful in how they approach recruitment in terms of advertising, interviewing and selecting employees. In some cases practice varies, and sending unsolicited speculative job applications to employers is common practice in the South but less so in the North. This presents an obstacle to individuals from the South thinking of moving to work in the North, in that they may have to wait for an advertised vacancy. One of the individual case studies also presented an alternative interpretation of the differing recruitment practices between North and South. The individual was from the South, now working in the North, and thought that the more stringent practices in terms of Fair Employment/Equality legislation created a fairer recruitment and selection process than was in place in the South. This was a factor that positively encouraged him to apply for a post in the North and in effect in this instance encouraged mobility.
- 8.4 A potentially important obstacle in the context of recruitment relates to Article 48 (recently renamed Article 39) of the EU Treaty. The Article enshrines the principle of freedom of movement but provides an exception where the employment is in the public service, as illustrated below. The ability that Article 39 offers to public sector employers in either jurisdiction to apply this exception is an obstacle to the mobility of individuals who are seeking a public sector post.

### *Article 39 (ex Article 48)*

- 1 *Freedom of movement for workers shall be secured within the Community.*
- 2 *Such freedom of movement shall entail the abolition of any discrimination based on nationality between workers of the Member States as regards employment, remuneration and other conditions of work and employment.*
- 3 *It shall entail the right, subject to limitations justified on grounds of public policy, public security or public health:*
  - (a) *to accept offers of employment actually made;*
  - (b) *to move freely within the territory of Member States for this purpose;*
  - (c) *to stay in a Member State for the purpose of employment in accordance with the provisions governing the employment of nationals of that State laid down by law, regulation or administrative action; and*
  - (d) *to remain in the territory of a Member State after having been employed in that State, subject to conditions which shall be embodied in implementing regulations to be drawn up by the Commission.*
- 4 ***The provisions of this Article shall not apply to employment in the public service.***

- 8.5 Differentials in employment rights North and South are not the first issues that prospective job-seekers consider when applying for a job outside their jurisdiction and accordingly they may not be considered to be a major obstacle to mobility. Indeed, many applicants applying for a job outside their jurisdiction will not be aware of the differences in employment legislation and related rights between the North and South.
- 8.6 Nevertheless, it was very evident from the company case studies that differentials in employment rights had a higher profile in certain sectors where tenure and security of employment was a key issue. Two manufacturing organisations operating both sides of the border participated as company case studies. One of these organisations raised the differences in statutory notice entitlement as an issue that made it difficult for them to offer equitable terms and conditions of employment, North and South. Both these organisations had had cause, due to market conditions, to make a number of their workers redundant in recent years. The statutory redundancy entitlements for individuals employed in the South were relatively better than for individuals employed in the North.
- 8.7 One of the individuals who submitted a Base Information Return previously worked in the North for a company based in the South, which recently ceased trading. An issue arose concerning entitlements to statutory redundancy payments because the company was not incorporated in the North as well.
- 8.8 The issue of recruitment to public sector posts is a high-profile issue. There have been a number of judicial review cases relating to applications for employment in for example the Industrial Development Board, Fire Authority for NI, Inland Revenue and the NI Civil Service Commission brought by citizens of the South. There have also been some cases where applicants applying for local authority jobs in the South have had difficulty getting their period of service employment outside of the jurisdiction recognised. We believe that this anomaly, which is being considered at European level, should be addressed locally.

### *Recommendation*

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*Public sector organisations in the North and the South should mutually recognise service periods in the other jurisdiction in the recruitment and selection process. This may require a mechanism to allow employers to ascertain if periods of service and the nature of experience obtained in the other jurisdiction are equivalent. (Recommendation 41)*

- 8.9 For the teaching profession in the South competence in the Irish language is required. It is recognised that this may represent a barrier to mobility. However, the European Court of Justice has upheld the right of the Irish government to impose this condition, although we understand that it has recently been relaxed in respect of second-level teachers. To facilitate teachers from outside the jurisdiction a ‘period of adaptation’ is provided to enable them to gain the required skills. Given this development, we believe that it is not necessary to recommend further changes, but it is important to raise awareness of the provision of the period of adaptation given that many of the consultees involved in this Study were not fully aware of it.

## IX Telecommunications, Banking and Insurance

### Introduction

- 9.1 This Section examines the issues of telecommunications charges, motor insurance and banking charges and assesses how they might represent obstacles to North/South mobility. As discussed in Section III, telecommunications charges and banking charges were identified by a number of respondents as potential obstacles to mobility. Insurance was also identified, but to a lesser extent.
- 9.2 Telecommunications and insurance can impact on the cost and difficulty of North/South mobility. They increase the cost or add to the inconvenience of moving between jurisdictions. For example, one company operating on either side of the border provides two mobile phones to their employees, one for use in the North and one for use in the South. This adds to the company's cost base. These issues primarily affect frontier workers rather than migrants.
- 9.3 Banking charges were identified as a potentially very important issue for individuals and companies. A number of companies highlighted the costs faced by employees who live in one jurisdiction and work in the other.
- 9.4 The Section begins by considering telecommunications charges in the North and the South. The issue of motor insurance is then examined and finally an analysis of banking charges is presented.

### Telecommunications Charges

- 9.5 This part of the Section examines the telecommunications charges in the South and the North<sup>1</sup> and tries to establish whether they act as an obstacle to cross-border mobility. Both fixed-line and mobile telecommunications charges are considered. A selection of call charges for operators in the North and South are presented to assess whether there are significant differences in charges for calls within and between jurisdictions.

### Fixed Line Telecommunications Charges

- 9.6 For the purpose of examining fixed-line call charges between the South and North, charges quoted by Eircom (the operator with the largest market share for local, national and international fixed-line calls) are considered. Table 9.1 shows the call prices for a selection of different fixed-line telephone calls as published by Eircom. Calls are charged on a per-second basis, with a minimum charge of 4.13p (excluding VAT) per call. The call prices reported in Table 9.1 are exclusive of VAT.

**Table 9.1 Eircom Fixed Line Call Charges for Selected Calls, as at April 2001**

	<i>Daytime Price Per Min</i>	<i>Evening Price Per Min</i>	<i>Weekend Price Per Min</i>
Local Calls (including NI)	3.3p	0.9p	0.9p
National Calls (including NI)	6.1p	4p	0.9p
Calls to mobiles within the South (including 086, 087 and 088)	19p	12.7p	10p
Calls to Britain	10p	9.4p	8.1p
Calls to mobiles in Britain	20p	18p	18p

Source: Eircom.

- 9.7 Table 9.1 demonstrates that call charges from the South to the North are the same as call charges within the South, for fixed-line calls. This is true for both local and national calls.
- 9.8 Call charges from North to South show a different structure. Table 9.2 sets out BT tariffs for local and national fixed-line call charges. Prices are inclusive of VAT.

**Table 9.2 BT Fixed Line Charges for selected calls, April 2001**

	<i>Daytime Price Per Min</i>	<i>Evening Price Per Min</i>	<i>Weekend Price Per Min</i>
Local calls	8p	4p	2p
Calls to the South	23p	20p	18p
Calls to mobile* (depending on network)	19p – 26p	15p – 18p	2p – 9p

Source: BT

\* For calls to mobiles in the South an additional international charge is levied on the receiver. The level of this charge varies by network.

- 9.9 This table shows that calls from North to South are significantly more expensive than calls within Northern Ireland. A wide range of discount packages are however available, depending on the pattern of calls.

### Mobile Telecommunications Charges

- 9.10 In the tables presented later in this Section, the costs of a selection of 60-second calls for different mobile service providers operating in the South and the North are presented. The costs have been derived from B4Ucall.com, an online telecommunications call costing resource. The costs presented below are for 60-second calls at peak time, and all costs shown are inclusive of VAT and quoted in local currencies.
- 9.11 It should be noted that call charges are comparable within operators, though not across operators. For each operator, we have selected one specific call-plan or package e.g. Eirtime 100 from Eircom and Select 2 from ESAT etc. The costs presented below are sensitive to the particular package chosen for each operator as each package will have a different monthly charge. Since these monthly charges are not considered here, it is not practical to make cross-operator cost comparisons. The purpose of the tables shown below is to examine whether there are different costs associated with calls between Northern Ireland and the South, compared to the costs of calls within each jurisdiction, for each service provider.

#### *Southern Mobile Operators*

- 9.12 Table 9.3 reports the cost of a 60-second call for three different mobile operators in the South. Four different types of call are considered:
- ‘Same Network’ implies calling a mobile phone on the same network, within the South;
  - ‘Other Network’ implies calling a mobile phone on another operator’s network within the South;
  - ‘Fixed-line’ refers to calls to a landline in the South, and;
  - ‘Cross-border’ implies making a call across the border to either a landline or mobile phone i.e. someone in the South making a mobile phone call to the North.

**Table 9.3 Non-Roaming Call Charges for Mobile Operators in the South, as at May 2001**

	<i>Eircell Eirtime 100</i>	<i>ESAT Select 2</i>	<i>Meteor</i>
Same Network	12p	12p	25p
Other Network	30p	24p	35p
Fixed Line (South)	30p	24p	25p
Cross-border	30p	45p	25p/35p

Sources: www.B4Ucall.com; www.meteor.ie

Note: For Meteor, the cost of a cross-border call to a landline is 25p, while the cost of a cross-border call to a mobile is 35p.

- 9.13 Table 9.3 shows that for two of the three Southern operators considered, there is no difference in the price of a call from the South to the North and a call within the South. Only for Operator 2 (ESAT Select 2) is the cost of a cross-border call more expensive. Thus, with the exception of this operator, there are no additional charges for making a cross-border call.

- 9.14 However, this is not the full picture, due to the costs associated with roaming calls. Roaming implies the use of your mobile phone when you move jurisdiction e.g. if you own a Southern phone, roaming implies using this mobile phone to make and receive calls in Northern Ireland, on the network of a service provider in the North. This is clearly relevant for frontier workers and for others roaming on a regular basis in the two jurisdictions. It was well illustrated by one of the company case studies, an organisation that operated both sides of the border. The company issued two mobile phones – a ‘Northern’ and ‘Southern’ – to managers who regularly travelled between the various plants on either side of the border, in order to avoid the expensive roaming charges. In addition the sales staff were allocated territories within each jurisdiction rather than spanning the two jurisdictions to minimise roaming charges.
- 9.15 Table 9.4 reports the cost of a 60-second call for three mobile operators in the South for a selection of roaming call types:
- ‘Call home’ implies phoning the South while in the North;
  - ‘National’ implies phoning a number within Northern Ireland, and;
  - ‘Incoming’ implies receiving a call while in the North.

**Table 9.4 Roaming Call Charges for Southern Mobile Operators, as at May 2001**

	<i>Eircell Eirtime 100</i>	<i>ESAT Select 2</i>	<i>Meteor</i>
Call Home	98p-105p	105p-112p	78p-84p
National	32p-52p	34p-55p	-
Incoming	54p	44p	60p-70p

Sources: [www.B4Ucall.com](http://www.B4Ucall.com); [www.meteor.ie](http://www.meteor.ie)

Note: The roaming costs reported are for Southern mobile customers roaming on the networks of BT Cellnet, Orange and Vodafone, in Northern Ireland.

- 9.16 Table 9.4 shows that the costs of making calls from a Southern mobile phone while roaming in Northern Ireland are significantly higher than when making calls within the South, for all three operators. Table 9.4 also shows that the cost of receiving calls while roaming ranges between 44p and 70p per call. This demonstrates that there are significant additional costs associated with mobile telephone usage for a person from the South, travelling in the North. These costs add to the overall cost of cross-border commuting.

### *Northern Ireland Mobile Operators*

- 9.17 This sub-section considers the costs of using Northern Ireland mobile operators. The same format as above is followed where possible.
- 9.18 Table 9.5 reports the costs of making a selection of 60-second calls in Northern Ireland for three different service providers. For two of the three operators there is little or no difference between the cost of a call from North to South and within the North. However, for Operator 3 (Vodafone VF 350), the cost of a cross-border call is significantly higher than a call within Northern Ireland.

**Table 9.5 Non-Roaming Call Charges for Mobile Operators in Northern Ireland, as at May, 2001**

	<i>BT Cellnet Net 400</i>	<i>Orange Talk 500</i>	<i>Vodafone VF 350</i>
Same Network	18p	9p	10p
Other Network	35p	30p	35p
Fixed Line (Northern Ireland)	18p	13p	10p
Cross-border	18p	15p	74p

Source: [www.B4Ucall.com](http://www.B4Ucall.com)

- 9.19 Table 9.6 reports the costs of making calls from a Northern Ireland mobile phone while roaming in the South. Once again it is evident that the cost of making calls while roaming in another jurisdiction is significantly higher than the costs of non-roaming calls.

**Table 9.6** Roaming Call Charges for Northern Ireland Mobile Operators, as at May 2001

	<i>BT Cellnet Net 400</i>	<i>Orange Talk 500</i>	<i>Vodafone VF 350</i>
Call Home	45p-52p	40p	49p-56p
National	23p-25p	40p	25p-27p
Incoming	94p	20p	59p

Source: www.B4Ucall.com

Note: The roaming costs reported are for Northern Ireland mobile customers roaming on the networks of Eircell and ESAT, in the South.

### Telecommunications Charges as an Obstacle

- 9.20 It is evident from the discussion above and the data presented that the cost of phoning Northern Ireland from the South is the same as an internal call in the South for two of the three mobile operators considered, as well as for Eircom, the fixed-line operator. For one mobile operator however (ESAT Select 2), a cross-border call is almost twice as expensive as an internal call within the South.
- 9.21 The costs of making calls between and within jurisdictions are considerably greater when we consider the cost of roaming calls. Making calls home, national calls as well as receiving calls are considerably more expensive, and add to the costs of mobility between North and South. Of course, this affects only frontier workers.
- 9.22 This situation is mirrored in the North. As pointed out, for two of the three mobile operators there is little or no difference between the cost of a call from North to South and within the North. However for one operator (Vodafone VF 350), the cost of a cross-border call is significantly higher than a call within the North.
- 9.23 However, the costs of both making and receiving calls for a Northern Ireland customer roaming on a network in the South, are considerably greater than non-roaming calls within the North. Again it is possible that these costs may act as an obstacle to mobility from the North to the South.
- 9.24 We are aware that there is an investigation of roaming charges being undertaken by the European Commission. This investigation may have implications for the recommendations set out below.

### Recommendations

*All fixed-line operators should consider introducing the same charges for local and national calls on the island. All mobile operators should consider introducing the same charge for local and national calls on the island. (Recommendation 42)*

*Consumer Associations should introduce information campaigns detailing comparative national and cross-border charges for fixed and mobile telecommunication operators. (Recommendation 43)*

*Given the significant costs involved, we believe that roaming charges should be examined by the appropriate regulatory/competition agencies. (Recommendation 44)*

### Motor Insurance Costs

- 9.25 This sub-section considers the issue of motor insurance costs for individuals between jurisdictions. The implications of a number of different scenarios were considered. In other words, what are the insurance implications, if any, of:
- temporary travel to another jurisdiction;
  - a permanent move to another jurisdiction; and
  - commuting across the border regularly.

### **Temporary Travel to Another Jurisdiction**

- 9.26 According to our research, there are no cost implications in terms of insurance for temporary travel from the South to the North. The Irish Insurance Federation (IIF) has indicated that, in general, temporary travel from the South to another jurisdiction for personal reasons does not have any implications for the cost of insurance policies. Cover is maintained, at no additional charge, for a person from the South who travels temporarily to the North for personal reasons.
- 9.27 The IIF have also suggested that there are no extra charges when travelling from the South to the North for work reasons.
- 9.28 This is in contrast to travelling to the South from the North for work reasons. Depending on the number of visits in any given year, anecdotal evidence suggests that most companies in the North may add to premiums for persons resident in the North who travel to the South for work reasons. There is no such 'loading' for personal visits, however.

### **Permanent Move to Another Jurisdiction**

- 9.29 A permanent move from the North to the South has significant implications for motor insurance policies. A permanent move will constitute a new 'place of residence' and therefore require a new motor insurance policy. The IIF have indicated that a change in 'place of residence' requires a new policy to be taken out in the new jurisdiction. As the costs in the South are higher, this may represent an additional cost factor when considering making a permanent move to the South.

### **Commuting Across Border Regularly**

- 9.30 The IIF have indicated that persons commuting across the border from the South to the North do not in general face any additional motor insurance costs since their place of usual residence is the principal factor determining the cost of insurance. The IIF have also confirmed that there is no extra charge for workers commuting regularly across the border.
- 9.31 For workers commuting in the other direction there may be additional costs. The Association of British Insurers (ABI) have indicated that some insurance companies do charge higher premiums.

### **Motor Insurance as an Obstacle**

- 9.32 For temporary movements from South to North for work or personal reasons, insurance costs do not appear to be an obstacle to mobility as policies taken out in one jurisdiction will be valid in another. However, anecdotal evidence suggests that companies in the North may add to premiums for persons resident in the North who travel to the South for work reasons.
- 9.33 For permanent moves from the North to the South, insurance may represent an obstacle since individuals change their place of usual residence. This implies that a new insurance policy is required. As policies are generally more expensive in the South, this adds to the cost of moving.

### ***Recommendation***

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*Insurance companies should remove any additional levies on residents travelling between North and South whether for business or personal reasons unless there is clear and quantifiable evidence that they can be justified on underwriting grounds. Further research into the reasons for the difference between the cost of insurance between North and South should be pursued under the auspices of the North/South Ministerial Council. (Recommendation 45)*

## Banking Charges

- 9.34 Finally, this sub-section examines banking charges within and between jurisdictions. The information contained in this Section is based on a survey of the main banks undertaken for this Study. A written questionnaire was submitted to the banks and a copy of this is included in Appendix B. Five banks in the South were requested to supply information relating to a number of issues and two banks responded, namely National Irish Bank and Allied Irish Bank. For each of the banks surveyed the costs of both cross-border transactions and within jurisdiction transactions are reported, as well as some transaction durations. Furthermore, requirements for opening a new bank account are detailed for both respondents from the South. All amounts given are in local currencies.
- 9.35 For the corresponding information for banks in the North, the details reported are taken from publicly available price listings for two banks, namely First Trust and Ulster Bank.

### National Irish Bank

- 9.36 Table 9.7 below reports the costs associated with a variety of *cross-border transactions* for the National Irish Bank. There are two types of transactions identified: those within the same banking network and for cross-border transactions with other banks.

**Table 9.7 Cross-Border Transactions**

<i>Transaction Type</i>	<i>Costs of Transactions within same Bank Network</i>	<i>Costs of Transactions between Other Banks</i>
Bank Draft	£3.00 each	£3.00 each
Electronic Transfers	1% of value (Min £15 to Max £35)	1% of value (Min £15 to Max £35)
Bank Giro	£2.50 each	£2.50 each
Cheque Transactions	£0.24 (personal), £0.27 (business) payable by cheque issuer	£0.24 (personal), £0.27 (business) payable by cheque issuer
Currency Conversion	1% of value	1% of value
ATM Fees	£0.17	£0.17

Source: Indecon survey.

- 9.37 Table 9.8 reports the corresponding charges for selected banking transactions within the South, for the National Irish Bank.

**Table 9.8 Transactions Within the South**

<i>Transaction Type</i>	<i>Costs of Transactions within same Bank Network</i>	<i>Costs of Transactions between Other Banks</i>
Bank Draft	£1 each	£1 each
Electronic Transfers	£15 (payments by telephone)	£15 (payments by telephone)
Bank Giro	Free	£0.40 each
Cheque Transactions	£0.24 (personal) £0.27 (business) payable by cheque issuer	£0.24 (personal) £0.27 (business) payable by cheque issuer
ATM Fees	£0.17	£0.17

Source: Indecon survey.

- 9.38 Tables 9.7 and 9.8 demonstrate that for bank drafts, bank giros and electronic transfers, charges are lower for transactions made within the South than for cross-border transactions. For all other transactions reported, there is little or no difference in charges from the National Irish Bank. Nonetheless, these costs are significant for frontier workers when making large cheque payments and credit transfers. For smaller transactions, where ATM withdrawals can be used, the costs of cross-border banking would appear to be negligible.
- 9.39 Table 9.9 reports the time taken to complete giro and electronic transfers from the South to the North. While giro transfers generally take two working days, electronic transfers are completed within the same day. This is based on information provided by the banks in the survey conducted for this Study.

**Table 9.9 Fund Transfer Durations From the South to the North**

	<i>Accounts in Same Network</i>	<i>All Other Accounts</i>
Giro	Two working days	Two working days
Electronic	Same day	Same day

Source: Indecon survey.

### *Account Opening Requirements*

- 9.40 National Irish Bank require, as is the legal obligation, the following items when an individual applies to open a bank account:

- Full photo ID in the form of a Driving Licence or passport; and
- Address verification in the form of a utility bill.

The requirements are the same regardless of whether the individual is:

- An established resident in the South;
- A newly arrived resident in the South; and
- A cross-border employee who is employed in the South, but is resident in the North.

## Allied Irish Bank

- 9.41 Table 9.10 presents the costs associated with a variety of cross-border transactions for Allied Irish Bank. The costs are the same for transactions within the same banking network and cross-border transactions with other banks.

**Table 9.10 Cross-Border Transactions**

<i>Transaction Type</i>	<i>Costs of Transactions within same Bank Network</i>	<i>Costs of Transactions between Other Banks</i>
<u>Bank Draft</u>		
Up to £500	3.5% of value (Min £2.50, Max £5)	3.5% of value (Min £2.50, Max £5)
£500 to £2,500	0.75% of value (Min £5)	0.75% of value (Min £5)
<u>Electronic Transfers</u>		
Incoming	£5	£5
Outgoing	£12 to £18	£12 to £18
Bank Giro	Not given	Not given
<u>Cheque Transactions</u>		
Up to £500	3.5% of value (Min £2.20, Max £15)	3.5% of value (Min £2.20, Max £15)
£500 to £2,500	1.5% of value (Min £15)	1.5% of value (Min £15)
ATM Fees	£3	£3
<u>Currency Conversions</u>		
Up to £500	3.5% of value (Max £15)	3.5% of value (Max £15)
£500 to £2,500	2.5% of value (Min £15, Max £50)	2.5% of value (Min £15, Max £50)

Source: Indecon survey.

- 9.42 Table 9.11 reports the same costs for transactions within the South. These charges are generally considerably lower than the corresponding cross-border charges as in the case of the National Irish Bank.

**Table 9.11 Transactions Within the South\***

<i>Transaction Type</i>	<i>Costs of Transactions within same Bank Network</i>	<i>Costs of Transactions between Other Banks</i>
Bank Draft	£1.50	£1.50
Electronic Transfers	£0.17 each	£0.17 each
Bank Giro	Nil	Nil
Cheque Transactions	£0.24 each	£0.24 each
ATM Fees	£0.17 per transaction	£0.17 per transaction

Source: Indecon survey.

\* AIB customers who maintain a credit balance of £400 in their account qualify for free banking, as do full-time students and all customers over 60 years of age.

- 9.43 Table 9.12 presents the time taken to complete giro and electronic transfers from the South to the North for the Allied Irish Bank.

**Table 9.12 Fund Transfer Durations From South to North***Accounts in Same Network*

Transfers effective on a same-day-value basis if transfer instruction is before 12:00 pm. Otherwise the transfer takes effect the following day.

*All Other Accounts*

Transfers effective on a same-day-value basis if transfer instruction is before 12:00 pm. Otherwise the transfer takes effect the following day.

AIB guarantees only however that the Head office/ International Division of the receiving bank receives the transfer within the time specified, and has no control over the speed at which the receiving bank passes the funds on to the account of the receiving customer.

Source: Indecon survey.

9.44 The following documentation is required for persons who are established residents in the South, as well as newly arrived residents in the South:

- Photographic ID; and
- Proof of current permanent address.

For residents of Northern Ireland who are employed in the South, the above documentation is required as well as:

- Verification of identity must be sought by the bank from a reputable credit or financial institute in Northern Ireland; and
- Verification of name and address plus a sample signature must be obtained in the same way.

9.45 If the prospective customer has an existing relationship with First Trust Bank in Northern Ireland or Allied Irish Bank (GB) in Britain, a recent account statement will suffice and the above additional verification checks are not considered necessary.

**First Trust Bank**

9.46 Table 9.13 gives charges for selected cross-border transactions for First Trust. All amounts quoted are in pounds sterling.

**Table 9.13 Cross-Border Transactions**

<i>Transaction Type</i>	<i>Costs of Transactions within same Bank Network</i>	<i>Costs of Transactions between Other Banks</i>
<u>Bank Draft</u> (Min £9, Max £30)	£6	0.2% of value issued
<u>Electronic Transfers</u>		
Inward	£6	£15
Outward	£25	£25
Bank Giro	-	-
<u>Cheque Transactions</u>	-	-
<u>Foreign Transactions</u>		
Currency Conversion (Foreign Currency Notes)	0.25% of value issued (Min £3, Max £20)	0.25% of value issued (Min £3, Max £20)
<u>ATM Fees</u>	-	-

Source: Indecon survey.

- 9.47 Table 9.14 gives the corresponding charges for transactions within the North. In general, there does not appear to be a great difference between charges for transactions within the North and charges for transactions from North to South, though electronic transfers are more costly.

**Table 9.14 Transactions Within the North**

<i>Transaction Type</i>	<i>Costs of Transactions within same Bank Network</i>	<i>Costs of Transactions between Other Banks</i>
<u>Bank Draft</u>	£6	£6
<u>Electronic Transfers</u>		
Inward	-	£5
Outward Bank	£5	£25
Giro	£5	£5
<u>Cheque Transactions</u>	£0.33	£0.33
<u>ATM Fees</u>	£0.37	£0.37

Source: Indecon survey.

## Ulster Bank

- 9.48 Table 9.15 gives charges for selected cross-border transactions for Ulster Bank. All amounts are in pounds sterling.

**Table 9.15 Cross-Border Transactions**

<i>Transaction Type</i>	<i>Costs of Transactions within same Bank Network</i>	<i>Costs of Transactions between Other Banks</i>
<u>Bank Draft</u>	0.2% of value (Min £6, Max £40)	0.2% of value (Min £6, Max £40)
<u>Electronic Transfers</u>		
Inward	£6	£15
Outward	£15	£25
Bank Giro	-	-
<u>Cheque Transactions</u>		
Inward	0.2% (Min £10, Max £40)	0.2% (Min £10, Max £40)
Outward	0.1% (Min £10, Max £40)	0.1% (Min £10, Max £40)
<u>Currency Conversion</u>		
Sales Purchases	0.3% (Min £4, Max £15) 0.3% (Min £3, Max £20)	0.3% (Min £4, Max £15) 0.3% (Min £3, Max £20)
<u>ATM Fees</u>	-	-

Source: Indecon survey.

9.49 Table 9.16 gives the corresponding charges for transactions within the North.

**Table 9.16 Transactions Within the North**

<i>Transaction Type</i>	<i>Costs of Transactions within same Bank Network</i>	<i>Costs of Transactions between Other Banks</i>
Bank Draft	1% of value of draft (Min £5, Max £10)	1% of value of draft (Min £5, Max £10)
Electronic Transfers	£5	£25
Bank Giro	£0.49	£0.49
Cheque Transactions	£0.49	£0.49
ATM Fees	£0.38	-

Source: Indecon survey.

### **Bank charges as an obstacle to mobility**

- 9.50 The evidence above shows that bank charges are generally significantly higher for cross-border transactions than for transactions within the same jurisdiction. The case studies and wider consultation process confirmed this evidence and suggest that it adds to the costs for those wishing to move across the border in either direction.
- 9.51 This is particularly the case for frontier workers or posted workers who wish to remit funds earned in one jurisdiction back to their own or family bank account in the other jurisdiction. These transactions require a transfer of funds which attracts charges in both the remitting and the receiving banks and may also incur a loading on the currency exchange even where the transfer is within the same banking group. Effectively these transfers are treated in broadly the same way as any international transaction.
- 9.52 In practice, it has been reported to us that many frontier workers operate dual bank accounts and do not transfer funds between their accounts through the banking system. Cash machines are frequently used to access funds from a bank account in the other jurisdiction. This situation has given rise to perceptions that this might in certain circumstances create difficulties for individuals seeking to access mortgage or other types of loans or advances from their 'home' bank and where a regular employment income to an account in the same bank in the other jurisdiction is not regarded as providing adequate security.
- 9.53 Over and above bank charges there is also a specific issue relating to the ability to access mortgage facilities from banks on moving jurisdictions. One of the individuals involved in the case studies who had moved from the South to the North had difficulty in obtaining a mortgage because all of the banks, including the Northern branch of his Dublin bank, indicated that he had to live and work in the North for six months. This was despite the individual having a permanent job in the North and a banking record in the South. In the end the individual eventually got a mortgage arranged through a specialist accountancy company.
- 9.54 While this example applies to just one person there are concerns that a number of people could be in this position. In terms of a policy response, we are aware there is no legal obligation for banks to recognise employment on an all-Ireland basis. Nonetheless, it is felt Banks should recognise periods in employment on an all-Ireland basis when processing mortgage applications.

### **Publication of Fees and Charges**

- 9.55 The Office of the Director of Consumer Affairs (ODCA) in the South has indicated the following in relation to the publication of fees and charges for commercial banks operating in the South:

*The Consumer Credit Act 1995 ('the Act'), which came into effect on 13 May 1996, obliged each credit institution (essentially banks, building societies and finance houses) to notify the Director within three months of all charges previously approved by the Central Bank of Ireland in relation to the provision of services to customers. The Act also obliges these institutions to formally notify the Director of every proposal to increase an existing charge beyond its approved level or to introduce charges for services that have not previously existed. As part of this notification process, a financial institution must provide a detailed commercial justification in support of that proposal. In dealing with such notifications, the Director has the power to either approve or reject the proposals made. A financial institution may (usually for commercial or competitive reasons) choose to impose a notified charge at less than its approved rate, but it may not impose the charge at a rate greater than the approved level.*

- 9.56 Furthermore, 'the Director, in approving charges notified to her by a financial institution, would generally require that institution to publicise the charges in its leaflets and brochures and, sometimes, on signs and displays in branches. It is likely that charges for credit transfers to Northern Ireland would typically be published in this manner.' The ODCA is not however aware of any specific law that requires financial institutions to publicise any or all of their charges.
- 9.57 Finally, the ODCA is not aware of any organisation that keeps and publishes records of charges imposed by commercial banks in the South. However, there is an EU Cross-Border Credit Transfers Directive (97/5) that obliges banks to display charges for cross-border credit transfer operations. It is our understanding that this Directive is in force.
- 9.58 In addition, in Northern Ireland there is the specific UK Banking Code. This voluntary code requires all banks to publish details of charges and make these publicly available. The following extract from the Code relates to foreign exchange transactions:

#### *Foreign exchange services*

*We will give you an explanation of the service, details of the exchange rate and an explanation of the charges which apply to foreign exchange transactions which you are about to make. If this is not possible, we will tell you how these will be worked out.*

*If you want to transfer money abroad, we will tell you how to do this and will give you:*

- *A description of the services and how to use them;*
- *Details of when the money you have sent abroad should get there and the reasons for possible delays;*
- *The exchange rate applied when converting to the foreign currency; and*
- *Details of any commission or charges which you will have to pay and a warning that the person receiving the money may also have to pay the foreign bank's charges.*

Source: Extract from 'The Banking Code' Jan 2001, published by British Bankers Association, The Building Societies Association and Association for Payment Clearing Services.

- 9.59 However, there is no requirement on banks to provide a commercial justification for any proposed increase in charges. Nevertheless, a regular external audit of UK banks including those in Northern Ireland is carried out to examine their adherence to the code of practice.

## **Euro-zone Money Transfers**

- 9.60 It should be noted that the European Commission proposes to introduce an agreement which would limit commercial banks to charge each other a €3 (IR£2.36) interbank fee for cross-border transfers. This is likely to result in a decrease in the cost of transferring money from one euro-zone country to another. However, this proposal has not yet been agreed and in any event would not apply in the case of Sterling transactions.
- 9.61 It is anticipated that the cost to the customer will be brought down to approximately €10–€12,<sup>2</sup> from an EU-

wide average of €17, for a small cross-border transfer. The domestic equivalent charge averages around €1 in Euro-zone countries.

- 9.62 In order to address these banking obstacles to North/South mobility a number of recommendations are proposed. A key issue relates to the establishment of a government-led North/South Banking Charges Working Group. This should take place at the highest possible level in both governments and as a matter of urgency.

### *Recommendations*

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*All licensed banks in the North and the South providing services to the personal sector should publish comparative information on fees and charges relating to domestic and cross-border transactions. (Recommendation 46)*

*Information campaigns should be introduced by the Consumer Associations in the North and the South, in order to highlight a comparison of cross-border banking charges. (Recommendation 47)*

*Consideration should be given to the establishment of a government-led North/South Banking Charges Working Group to examine ways in which the banking sector can facilitate North/South labour mobility. (Recommendation 48)*

*As an interim measure, it is recommended that banks be requested to consider whether it might be feasible to introduce standard charges and fees for selected specific North/South bank charges for the personal sector. Examples: Electronic credit transfers for personal accounts for amounts less than £500 sterling; and cross-border bank drafts for payments under £200 sterling. (Recommendation 49)*

*Banks should recognise periods in employment on an all-Ireland basis when processing mortgage applications. (Recommendation 50)*

- 9.63 It is outside the scope of this assignment to evaluate in detail whether the costs and charges imposed by banks, insurance companies and telecommunications companies can be justified on a cost-allocation basis within the companies. As regulatory authorities in these areas are aware from other work, determining appropriate cost allocations for charging purposes is a major exercise and to identify appropriate charges even for one specific area would require resources greater than those dedicated to this Study.
- 9.64 Our analysis, however, does indicate marked differences in the charging policies of different institutions and companies and our recommendations are mainly focused on increasing information to companies to enable them to benefit from the most competitive suppliers. Our recommendations also involve preparing some more detailed investigations of some aspects of cross-border charges or proposing that companies introduce some changes to facilitate cross-border transactions and to remove differential charging in this regard.
- 9.65 In this analysis information is gathered from a range of different sources. This includes information directly from institutions as in the case of the Banking Survey and indirectly from various internet sites in respect of mobile phone charges. This information is also supported by the views of users of these services. In the responses to the Base Information Returns these issues were identified as important obstacles that had to be addressed. Comments from the various workshops conducted as part of the Study also confirm that the issues discussed in this Section represent obstacles.
- 9.66 Apart from the information gathered as part of this Study, further assessment of the views and perspectives of users are not available. This may be an issue that could be pursued in the context of further work. Nevertheless, based on the information collected both from institutions and from individual users, the conclusions and recommendations in the Section are robust and backed by sufficient evidence.

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### **Endnotes**

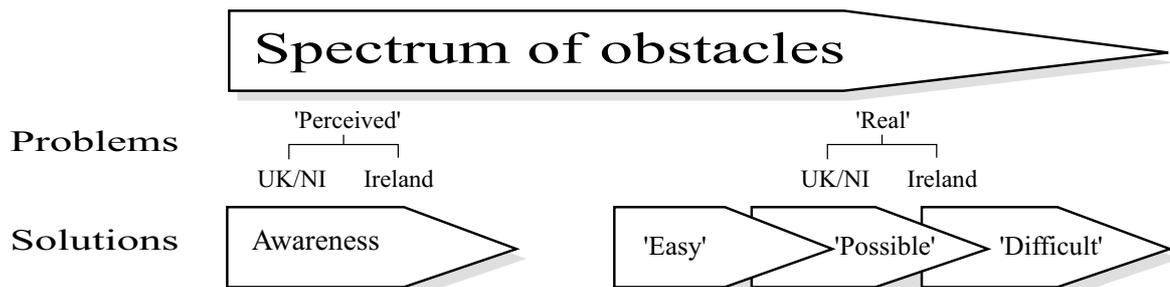
- 1 In this Section a subset of telecommunications issues are addressed but there are a range of other issues that could also be addressed. While these other telecommunication issues were raised during the consultation process and in the Surveys (e.g. internet access and cost), they are not perceived to be significant obstacles by a significant proportion of respondents. This section focuses on the most important telecommunications issues.
- 2 *Bank Charges in Europe*, Report for the EU Commission.



## X Potential Solutions and Recommendations

### Introduction

- 10.1 In the preceding Sections the potential barriers to mobility were discussed in detail. This Section summarises recommendations made throughout the report which represent the main solutions to address the obstacles identified.
- 10.2 In order to assist us in consideration of the solutions we have used an illustrative spectrum of barriers and solutions as shown below.



- 10.3 This 'spectrum of obstacles' ranges from those on the left – mainly 'perceived' and the result of a lack of awareness – to those on the right that are more fundamental or 'real' and require a range of responses including legislative changes.
- 10.4 We have used this representation to inform the debate and the development of the solutions and recommendations described below. Some of these solutions relate primarily to the provision of accessible information while others require legislative change. We recognise that a number of our recommendations, particularly those concerning proposed modifications to the tax system or social security regime, relate to reserved matters and are therefore more difficult to implement within a short timescale.
- 10.5 In formulating the recommendations, account was taken where possible of the potential exchequer costs and also the implications for individuals and companies. A number of these recommendations may involve costs being shared between the exchequers North and South. As the details of many of these recommendations will require further examination we do not at this stage believe it is appropriate to consider the division of the likely costs between the two exchequers.

### Obstacles and Lower Income Groups

- 10.6 Some of the obstacles to mobility have a disproportionately negative effect on those citizens on lower incomes. There are a number of areas where this may be particularly relevant. These relate primarily to obstacles that may hinder unemployed individuals from obtaining work in the other jurisdiction. The most important are those that impact on entitlements to social security, healthcare or housing, or those that impact on the costs of purchasing services or utilities for individuals. Higher costs in any element of expenditure are more likely to impact most severely on those on lower incomes. An important type of barrier to mobility that may disproportionately affect those on lower incomes relates to information barriers. Higher income groups are more likely to be able to afford and access accurate information and solutions to obstacles by employing professional advisers.
- 10.7 Many of the recommendations in this report are directed particularly at overcoming the obstacles to mobility for lower-income citizens while others are likely to have an impact on higher income/professional groups. Examples of our recommendations likely to be of particular value to lower-income citizens are those dealing generally with improved information, as well as those on Working Family Tax Credit, on pension transferability, health/childcare and housing.

- 10.8 Also of particular relevance to unemployed individuals is our recommendation on the extension of Jobseekers Allowance and the recommendation on cross-border training placements.
- 10.9 In addition to the specific sectoral recommendations, we make a number of recommendations concerning improvements in the information available to individuals and companies. The recommendations are summarised in Table 10.1 and discussed in subsequent paragraphs.
- 10.10 In evaluating the barriers to mobility and the potential solutions, it is important to consider these in a wider context. For example, costs are higher for certain items in one jurisdiction but may be offset by improved services or lower taxes in other areas. If a system were designed simply to select the best features of each jurisdiction, it clearly would not be equitable or economically justifiable. However, specific barriers to North/South mobility result in costs to individuals and companies that prevent or discourage movement, in turn hindering economic performance and damaging the competitiveness of both parts of the island. Our recommendations are designed to overcome such barriers.

**Table 10.1 Summary of Main Proposed Solutions to Barriers to North/South Mobility**

***Information Improvements***

1. *A joint North/South one-stop shop initiative to highlight information on mobility issues should be established.*
2. *A B4Umove.com website should be established.*

***Taxation***

3. *Expansion of information on the actual personal tax position in Northern Ireland and the South.*
4. *A 25% rebate on VRT should be provided for frontier workers under certain conditions.*
5. *UK authorities should consider a tax relief for NI frontier workers.*
6. *The relevant Revenue and Social Services information leaflets should provide instruction on the specific rights of frontier workers. This information could also be incorporated into the services provided by bodies such as EURES and TRASNA.*
7. *Guidelines should be developed to minimise impact of differences in North/South tax years.*
8. *Consideration should be given to the deployment of officers with specialist cross-border information skills in the respective border offices in the Inland Revenue and the Revenue Commissioners.*

***Pensions***

9. *Draft new regulations to cater for areas of detail in pension legislation that are restrictive.*
10. *Establishment of a reciprocal arrangement between the North and the South for the transfer of public sector pensions.*
11. *Regulations drafted to allow cross-border intra-employer transfers to maintain continuous service on transfer.*
12. 13. 14. 15. *Amend existing corresponding legislation between the jurisdictions to simplify the process of transferring between regions. The issues of contracting-out and residence should be covered. Attempts to implement improvements in pension regulations should maintain the flexibility to operate cross-border pragmatically whilst ensuring the detail is not overlooked. A North/South Consultative Seminar should be organised to disseminate information on the so-called 'posted workers' option. Tax relief on pension fund payments for frontier workers to be allowed, regardless of where pension fund is located.*

***Social Security Benefits***

16. 17. 18. 19. *A review should be performed of the operation of the existing bodies that are involved in providing information both to migrant and cross-border workers. Creation of a link from the Social Security Agency website in the North to the website for the Department of Social, Community and Family Affairs in the South and vice versa. Arrangements to be put in place to make it easier for Social Security offices in the North to access information on workers who have spent time working in the South. An extension on a pilot basis of the Jobseekers Allowance to 6 months.*

- 20 *Cross-border training placements should be expanded to improve services.*

### **Health/Childcare**

21. *Feasibility study of permitting frontier workers to access health services at nearest hospital.*  
 22. *Raise awareness of E128 form for seconded or posted workers through pro-active employer contact.*  
 23. *Encouragement of increased number of hospitals in North accepting Southern health insurance.*  
 24. *Provision of funding for voluntary North/South organisations providing childcare facilities.*  
 25. *Encouragement of applications for funding under Equal Opportunities Childcare Programme.*  
 26. *Highlighting of information on regional differences in house prices and tax incentives.*  
 27. *Provision of capital assistance for voluntary bodies for North/South housing initiatives.*  
 28. *Consideration of cross-border loan scheme for house purchasers.*  
 29. *Access to housing lists from residents in both jurisdictions.*  
 30. *Home Guarantee Bond Scheme should be reviewed to facilitate NI builders.*

### **Transport**

31. *Additional funding via INTERREG IIIA and through national programmes for cross-border road networks.*  
 32. *On-going co-operation between local authorities in planning of road infrastructure.*  
 33. *Support for feasibility studies and promotional support for cross-border air services.*  
 34. *Seed capital support for voluntary cross-border rural bus services.*

### **Education, Training and Recruitment**

35. *All professional and regulatory bodies to ensure mutual recognition of qualifications.*  
 36. *Recognition of qualifications in the medical profession.*  
 37. *Joint accreditation of vocational training courses to be introduced.*  
 38. *Consideration be given to harmonisation of competencies and standards encompassed in training courses.*  
 39. *Expansion of mutual recognition of outcomes of vocational training.*  
 40. *Consideration be given to more flexibility regarding access to training allowances.*  
 41. *Recognition of service periods in both jurisdictions for public sector appointments.*

### **Telecommunications, Banking and Insurance**

42. *All fixed-line and mobile operators to consider introducing same charges for local and national calls.*  
 43. *Consumer associations to introduce information campaigns on comparative telecommunications charges.*  
 44. *Roaming charges to be examined by appropriate regulatory/competition agencies.*  
 45. *Insurance companies should remove any additional levies on residents travelling between North and South whether for business or personal reasons unless there is clear and quantifiable evidence that they can be justified on underwriting grounds.*  
 46. *Banks providing services to personal sector to publish comparative information on banking fees and charges.*  
 47. *Consumer associations to highlight comparisons of cross-border banking charges.*  
 48. *Establishment of North/South Banking Charges Working Group.*  
 49. 50. *Banks to be requested to consider feasibility of introducing selective standard charges. Banks to consider recognising periods in employment on an island-of-Ireland basis when processing mortgage applications.*

## **INFORMATION IMPROVEMENTS**

### *Recommendation 1: A Joint North/South one stop initiative to highlight information on mobility issues should be established*

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- 10.11 One of the noteworthy features that emerged time and time again in our analysis was the complexity and difficulty in accessing information on the range of issues affecting North/South labour mobility. In many cases perceptions existed based on inaccurate, outdated or incomplete information. We therefore recommend that the authorities in Northern Ireland and in the Republic should consider the establishment of a joint North/South one stop initiative to highlight information on mobility issues. A physical presence for this initiative, possibly in a border region, would be desirable. This initiative should build on the work already being done by a number of organisations in the delivery of cross-border advice (e.g. EURES, TRASNA, Centre for Cross-Border Studies, and the Co-operation and Working Together Initiative – CAWT).

#### *Indicative Exchequer Costs*

- 10.12 It is difficult to identify the precise exchequer costs for such an initiative until the details of its size, scope and location are formulated. Staff for this initiative could be transferred from existing agencies. However, additional costs would be involved and it would be prudent to assume annual additional costs of between Stg£250,000–£500,000 if a well resourced initiative was to be implemented.

### *Recommendation 2: A B4Umove.com website should be established*

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- 10.13 A one-stop cross-border mobility information website should be established – B4Umove.com – which would provide comprehensive and easily accessible information on key aspects of jobs, learning opportunities and living conditions on both sides of the border. This would be linked with European Commission proposals for development of such a site on a pan-European basis. This site should also provide linkages to websites for government departments as well as representative agencies and voluntary groups.

#### *Indicative Exchequer Costs*

- 10.14 This will involve one-off development costs as well as on-going updating costs. One-off costs are likely to be between Stg£150,000–£250,000 and annual costs of the order of Stg£20,000 may be required. The possibility of obtaining EU or private sector sponsorship funding which might reduce the exchequer costs could be investigated.

## **TAXATION**

### *Recommendation 3: Expansion of information on personal taxes, North and South*

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- 10.15 There is a need for an expansion of information in respect of the actual personal tax position in Northern Ireland and the South. This could be a component of the initiative outlined in recommendation 1 and recommendation 2. Encouragement could also be given to taxation institutes and to the major accounting firms to include cross-border summaries in their publications on taxes in each of the jurisdictions.

#### *Indicative Exchequer Costs*

- 10.16 No additional costs would be required other than costs estimated under recommendation 1 and 2.

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*Recommendation 4: Rebate on Vehicle Registration Tax should be provided for frontier workers under certain conditions*

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- 10.17 The imposition of VRT can be a problem for frontier workers and others who are commuting across the border. A person living in the South but employed in the North may not use a Northern Ireland registered car. The rules of residence apply: if a person has so-called personal ties in the South they are deemed to be resident and must comply with Irish tax rules. We feel that on equity and efficiency grounds, some changes to these rules may be warranted to take account of the position of frontier workers. It is recommended that frontier workers should have a 25% rebate from paying VRT provided the following conditions are met:
- Prior approval from Revenue Commissioners is obtained;
  - UK NIC number should be provided so that random checks may be made to eliminate the cross-border double;
  - All Irish vehicle taxes including VAT and Excise Duties on vehicles other than VRT are paid;
  - Self-employed and those employed in ‘a connected company’ are excluded;
  - All other frontier worker requirements are met; and
  - Relief to be only claimable once in a four year period and if the vehicle is sold within a four year period in the State a claw-back on the rebate should be introduced.

*Indicative Exchequer Costs*

- 10.18 The above recommendation has been structured in a manner which reduces the potential for abuse and also provides a partial relief with a claw back condition. Other strict conditions are proposed to reduce the exchequer costs and to ensure the rebate is targeted on groups relevant to North/South mobility. These frontier workers previously were provided with a tax incentive but due to changes in NI taxes, this incentive is much less relevant than when introduced. Given the higher costs faced by these workers and the absence in many cases of appropriate public transport, we believe this moderate relief is justified. It would, however, be important to point out that this will have a direct exchequer cost. If one assumes that there are approximately 9,000 frontier workers in the South and that 50% of them avail of this relief this would suggest a potential take up of 4,500 persons. The restriction of the relief to once in a four year period would indicate an Exchequer cost of £0.7m IR per annum, assuming an average market price for new and second-hand cars of £10,000 per car ( $£10,000 \times 0.25$  (VRT rate assumed)  $\times 4,500/4 \times 0.25$ ). This annual cost of £0.7m compares with a total estimated exchequer revenue return for VRT in 2000 of £788.6m.

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*Recommendation 5: UK Authorities should consider a tax relief for NI frontier workers*

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- 10.19 In the past, the operation of the dual tax agreement between Ireland and the UK imposed an additional tax burden on taxpayers resident in the South and working in the North. These workers paid UK taxes on income earned in the North that was generally lower than the tax that would be paid if this income were earned in the South. Prior to 1998, this foreign income was also subject to Irish tax with a credit for the UK tax paid. To address this anomaly, a provision was included in Section 13 of the 1998 Finance Act. The effect of the relief is to remove Irish tax liability from foreign income where the foreign tax has been paid. Given the reduction in income taxes in the South, it could now be argued that frontier workers living in the North and working in the South are now being penalised by having to pay Irish taxes and then the difference between those taxes and their UK liability.
- 10.20 We therefore recommend that the UK authorities should consider introducing a relief for Northern Ireland residents who are frontier workers. This would have the effect of removing liability for UK taxes, if all of the individual’s income is earned in the South and has been subject to tax. Various conditions would need to apply, including the various conditions that apply in respect of frontier workers.

*Indicative Exchequer Costs*

- 10.21 Further work would be required by the UK authorities to provide detailed estimates of the costs of this initiative and the costs would depend on the precise conditions which would be implemented in any

legislation. The costs would also be influenced by the extent of current compliance. If one estimated that 1,500 of NI frontier workers would be caught by this specific anomaly and if the difference between Irish and UK tax liabilities was an average of Stg£1,000 per person then the annual exchequer costs would be of the order of Stg£1.5 million per annum.

*Recommendation 6: The relevant Revenue and Social Services information leaflets should provide instruction on the specific rights of frontier workers*

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- 10.22 It is often difficult for people to locate information that is accurate and up-to-date on benefit and taxation issues. It is recommended that the relevant Revenue and Social Services information leaflets should provide instruction on the specific rights of frontier workers. This information could also be incorporated into the services provided by bodies such as EURES and TRASNA.

*Indicative Exchequer Costs*

- 10.23 We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 7: Guidelines should be developed to minimise impact of differences in North/South tax years*

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- 10.24 The Irish income tax year at present is the same as the UK tax year, i.e. 6 April to 5 April, which makes completing tax returns in the other State easier. However, from 1 January 2002, the Irish tax year is changing to a calendar year. Employees will no longer be able look at their end of year pay and tax certificate and simply insert the figures after exchange adjustments onto their UK tax return. This will pose a particular difficulty to the individual living in the North, but working in the South who has to complete a UK tax return. The UK Inland Revenue could relax its rules for individuals in this position and accept provisional figures without imposing penalties on the understanding that actual figures would be filed by 31 March.

*Indicative Exchequer Costs*

- 10.25 We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 8: Consideration should be given to the deployment of officers with specialist cross-border information skills in the respective border offices in the Inland Revenue and the Revenue Commissioners*

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- 10.26 In relation to many of these issues, the principal problem is a lack of information or an understanding of the position. In our research, we encountered on several occasions the situation where information was available but individuals did not know this, or held mistaken views. In the general tax area, we have a number of recommendations around exchanging cross-border information and expertise on the part of the relevant authorities.

*Indicative Exchequer Costs*

- 10.27 We do not envisage any additional exchequer costs associated with this recommendation.

## PENSIONS

*Recommendation 9: It may be appropriate to draft new regulations to cater for areas of detail within pension legislation that are restrictive*

- 10.28 There are a number of areas of detail in the legislation that are restrictive. For example, public sector schemes in the UK have typically been set up by regulation (e.g. the Local Government Pension Scheme). However, the nature of the corresponding legislation between jurisdictions may require cross-border schemes to be set up under trust rather than by regulation. This is not necessarily a barrier to mobility (although it does bring a need to appoint scheme trustees). However, flexibility needs to be maintained to cater for the various issues raised, particularly for public sector schemes.

### *Indicative Exchequer Costs*

- 10.29 We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 10: Consideration should be given to the establishment of a reciprocal arrangement between the UK and the South for the transfer of Public Sector Pensions*

- 10.30 A significant recruitment issue occurs when a potential new employee realises that, if he/she leaves their current employment to move to a new cross-border employer, accrued benefits are made 'paid up'. This means that the benefits earned to date will only increase with inflation between their date of leaving and retirement, rather than being linked to the final salary of their 'new' employment with the cross-border employer. This can cause a significant shortfall in expected benefits for all but those close to retirement. This is compensated for in public sector schemes by belonging to a 'transfer club'. Essentially, this allows transfers between employments of participating employers that link all periods of service, so that benefits maintain the linkage to salary. In other words, it is as though employment was not severed and all service with 'transfer club' employers is treated as continuous. It would be complex (although potentially desirable) to operate a 'transfer club' cross-border.

### *Indicative Exchequer Costs*

- 10.31 We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 11: Regulations should be drafted to allow cross-border intra employer transfers to maintain continuous service on transfer*

- 10.32 If an employee is changing jobs in the private sector, the employee has a choice to make before taking up new employment. It would be possible for transfers-in to be augmented (by the receiving scheme) to reflect the cost of maintaining salary linkage. This could add materially to the cost of funding the scheme and should be for the individual employer to decide. It is not a cross-border issue exclusively and typically is not a significant recruitment barrier except for a few senior appointments. However, this is a real problem for an employer operating cross-border. It would be a significant barrier to mobility if, by moving jurisdiction, the employee's benefits with the same employer had to lose the linkage to final salary for the 'accrued' period of service.

### *Indicative Exchequer Costs*

- 10.33 We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 12: Existing corresponding pensions legislation between the jurisdictions should be amended to simplify the process of transferring between regions. The issues of contracting-out and residency should be covered*

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- 10.34 Cross-border transfers are problematic for a number of other reasons besides those mentioned in Recommendations 10 & 11, as it is not possible to transfer UK ‘Contracted-out’ benefits abroad unless emigration has taken place. Also it is not currently possible to transfer Northern Ireland benefits to a Scheme in the South without the change in residence condition applying (particularly affecting those employees working across the border without changing residence). A transfer club for public sector transfers would be difficult to introduce if the cross-border scheme was set up on a Contracted In basis.

*Indicative Exchequer Costs*

- 10.35 We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 13: Any attempt to implement improvements in pension regulations in either jurisdiction should maintain the flexibility to operate cross-border pragmatically, while ensuring the detail is not overlooked*

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- 10.36 There are a number of other ‘minor’ issues which impact more on employers that operate on both sides of the border. For example, pensions in payment will be linked to a measure of ‘inflation’ in payment. This would be different in each region (Retail Prices in the UK, Consumer Prices in the South). However, finding a solution to this would not be an insurmountable problem. Benefits on retirement (or indeed death in service) would of course be payable (currently) in different currencies but exchange rate issues are also manageable.

*Indicative Exchequer Costs*

- 10.37 We do not envisage any additional exchequer costs associated with this recommendation.

*Recommendation 14: A North/South consultative seminar should be organised on the ‘posted workers’ option. This seminar could also deal with a range of the complex issues in the areas of social security, tax and pensions that have been identified in this Study*

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- 10.38 The tax treatment of pension contributions for employees resident in one jurisdiction and working in another is also an issue in this respect. For example, a UK resident working in Ireland will pay Irish tax. The relief to be gained from any pension contributions depends on their circumstances as follows:
- If the person contributes to an Irish occupational scheme they can claim tax relief against their schedule E income;
  - If their company transfers the person and they continue to pay contributions to their UK occupational scheme, of which they were previously a member, they can claim tax relief. This is the so-called ‘posted workers’ option; and
  - However, if they are contributing to a UK scheme and are not covered by the posted workers option above, they would not obtain tax relief on their pension contributions.
- 10.39 These provisions can act as a barrier to mobility given that pension contributions can be claimed at the marginal tax rate up to a certain limit. A North/South seminar should be organised on the ‘posted workers’ option.

*Indicative Exchequer Costs*

- 10.40 No significant additional exchequer costs are likely to be involved.

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*Recommendation 15: Tax relief on pension payments for frontier workers should be allowed regardless of where the pension fund is located*

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- 10.41 It is recommended that tax relief on pension payments should be allowed regardless of where the pension payments have been made.

*Indicative Exchequer Costs*

- 10.42 The exchequer costs will depend on the numbers availing of this relief. A provisional estimated sum of Stg£0.25 million per annum is included as an indicative cost.

## **SOCIAL SECURITY BENEFITS**

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*Recommendation 16: A review should be performed of the operation of the existing bodies that are involved in providing information both to migrant and cross-border workers*

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- 10.43 There is considerable co-operation between both jurisdictions in clarifying social welfare entitlement issues for claimants. However, there is considerable confusion that could be addressed by an improved cross-border information service.
- 10.44 We propose a review of the operation of the existing bodies that are involved in providing information both to migrant and cross-border workers. This would involve an assessment, inter alia, of the services currently being provided by the Eures and Trasná organisations.

*Indicative Exchequer Costs*

- 10.45 The only costs associated with the recommendation would be those associated with the commissioning of such a review which it is assumed would be carried out by consultants.

---

*Recommendation 17: Creation of a link from the Social Security Agency website in the North to the website for the Department of Social, Community and Family Affairs in the South and vice versa*

---

- 10.46 There is considerable co-operation between both jurisdictions in clarifying social welfare entitlement issues for claimants. However there is considerable confusion that could be addressed by creating a website link between the two social security agencies.

*Indicative Exchequer Costs*

- 10.47 No significant costs are associated with this recommendation.

---

*Recommendation 18: Arrangements to be put in place to make it easier for Social Security offices in the North to access information on workers who have spent time working in the South*

---

- 10.48 Information to establish entitlement to benefit is obtained from a number of sources in Northern Ireland. In some cases, the UK overseas office that processes information on entitlements earned working in the South, is located in England. We propose that consideration is given to arranging that workers who have spent time working in the South should have their claims processed in a branch located in Northern Ireland. Alternatively, it should be made easier for Social Security offices in Northern Ireland to access that information quickly.

*Indicative Exchequer Costs*

- 10.49 No significant costs are associated with this recommendation.

---

*Recommendation 19: An extension on a pilot basis of Jobseekers Allowance to 6 months*

---

- 10.50 In accordance with European Community Regulations, jobseekers may continue to be paid for a maximum period of 3 months (or 92 days) whilst living in another country and looking for work providing they meet various conditions. It is recommended that this be extended on a pilot basis to 6 months.

*Indicative Exchequer Costs*

- 10.51 Estimated exchequer costs for this would depend on whether the individuals would remain unemployed in their own jurisdiction, if this measure was not introduced. In such cases, no exchequer cost would be involved and indeed there may be savings. It may, however, be appropriate to consider a potential cost if this assumption is viewed as invalid.

---

*Recommendation 20: Cross-border training placements should be expanded to improve services*

---

- 10.52 The Social Security offices on both sides of the border co-operate on many issues and there is exchange of best practice and information. Recently the Department of Social, Community and Family Affairs sent twelve placements to work in the North for one week. This is a useful exercise that could be expanded.

*Indicative Exchequer Costs*

- 10.53 Only minimal exchequer costs would be involved and this perhaps could be diverted from existing training budgets.

## **HEALTH/CHILDCARE**

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*Recommendation 21: Feasibility study of permitting frontier workers to access health services at nearest hospital*

---

- 10.54 It is recommended that a feasibility study be undertaken of the costs and operational aspects of permitting frontier workers to access health services at their nearest hospital, irrespective of the jurisdiction within which it is located. A system of 'transfer charging', which is currently in place for emergency operations, would be applied on a broader basis to frontier workers and their dependants.

*Indicative Exchequer Costs*

- 10.55 We would envisage that this could be reviewed by existing officials in the two Departments of Health. External consultancy assistance is unlikely to be required and accordingly no significant exchequer costs would be involved.

---

*Recommendation 22: Raise awareness of E128 form for seconded or posted workers*

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- 10.56 Under EU wide arrangements 'posted' workers i.e. workers who have been temporarily relocated outside their home jurisdiction, are eligible for full health cover for an initial period of 12 months which can be extended to 24 months. However, there appears from the evidence of our case studies to be limited awareness of this provision. This could be implemented through pro-active contact with employers operating on both sides of the border and who potentially have cause to relocate staff in either direction.

*Indicative Exchequer Costs*

- 10.57 Minor exchequer costs would be involved.

*Recommendation 23: Encouragement of increased number of hospitals in North accepting Southern health insurance*

---

- 10.58 Encouragement should be given to expanding the number of hospitals in the North accepting Southern health insurance, supported by relevant reciprocal arrangements. This is a commercial matter for private health insurance companies to consider, in that they determine which service providers are to provide services to their members.

*Indicative Exchequer Costs*

- 10.59 No exchequer costs would be involved.

*Recommendation 24: Provision of funding for voluntary North/South organisations providing childcare facilities*

---

- 10.60 Perceptions regarding childcare infrastructure in the North compared to the South represent a potential barrier to labour mobility. We recommend the provision of funding support for voluntary agencies interested in providing North/South childcare facilities in border regions i.e. services that would operate both sides of the border. The rationale is that frontier workers could more easily alter their childcare arrangements to suit their work patterns and that critical mass could be enabled for childcare providers who service a catchment area spanning the border.

*Indicative Exchequer Costs*

- 10.61 We recommend that a sum of around £Stg0.5 million should be allocated for the next financial year. This could involve some reallocation of demand, so this may overestimate the net costs.

*Recommendation 25: Encouragement of applications for funding under Equal Opportunities Childcare Programme*

---

- 10.62 The perceptions noted above may in time be changed at least in part by the implementation of the Equal Opportunities Childcare Programme 2000 to 2006 in the South. This program, which is being implemented by the Department of Justice, Equality and Law Reform, will provide funding for the development of childcare initiatives in the South. We recommend the encouragement of applications for funding from the Southern Border Counties under the Equal Opportunities Childcare Programme 2000 to 2006.

*Indicative Exchequer Costs*

- 10.63 This relates to an allocation within existing budgets.

## HOUSING

### *Recommendation 26: Highlighting of information on regional differences in house prices and tax incentives*

---

- 10.64 The cost of housing has emerged as a significant barrier to mobility. The cost of housing in the South has increased dramatically relative to costs in the North reflecting changed economic circumstances. Clearly there are no easy solutions to hand. Undoubtedly, house prices in the South are now higher than in the North but there is too much emphasis on prices in the Dublin area. There is a need for information on regional prices to be highlighted.

#### *Indicative Exchequer Costs*

- 10.65 No significant additional costs would be involved.

### *Recommendation 27: Provision of capital assistance for voluntary bodies for North/South housing initiatives*

---

- 10.66 Governments in both jurisdictions provide assistance to voluntary associations to assist in building housing for individuals who meet various criteria. These supply-side schemes are often targeted at particularly vulnerable groups such as the elderly and people with disabilities. We believe there is some merit in the government administrations in NI and in the South developing these initiatives on a cross-border basis. This could involve the provision of capital assistance to voluntary housing bodies who are involved in developing housing on a North/South basis to meet special housing needs, such as those of elderly, homeless, people with disabilities or very low income families. This could assist North/South mobility between these groups by encouraging North/South co-operation.

#### *Indicative Exchequer Costs*

- 10.67 A joint fund of Stg£2 million is proposed but this may overestimate the net costs.

### *Recommendation 28: Consideration of cross-border loan scheme for house purchasers*

---

- 10.68 Consideration should be given to introducing a cross-border loan scheme for home purchase. This would apply to low-income individuals wishing to move to the other jurisdiction, subject to certain conditions. The Irish and NI administrations could consider these possibilities further.

#### *Indicative Exchequer Costs*

- 10.69 The costs of such a scheme could be reviewed as part of the overall consideration of this proposal.

### *Recommendation 29: Access to housing lists from residents in both jurisdictions*

---

- 10.70 There is a potential issue in relation to local authority housing lists. Local authorities will not permit an individual to be placed on a housing list unless they are actually living in the area. Thus, an individual considering moving between jurisdictions cannot apply to be permitted onto a list until they have *actually* moved. Of course, those living outside the jurisdiction are treated in the same way as individuals living within the jurisdiction. Nonetheless, this could affect mobility and we believe that local authorities should permit access to enter their housing lists from residents in both jurisdictions.

#### *Indicative Exchequer Costs*

- 10.71 No additional aggregate costs would be involved.

---

*Recommendation 30: Home Guarantee Bond Scheme should be reviewed to facilitate NI builders*

---

- 10.72 The cost of housing is ultimately a function of demand relative to supply and the high costs in the South relative to the North primarily reflect the higher standard of living in the South. Thus, there are no easy solutions to this issue. Increasing the supply of housing is the main policy response of the Irish government and we would clearly support this view. As part of such a policy, we recommend that the Home Guarantee Bond Scheme should be reviewed to see whether changes could be made to facilitate NI builders.

*Indicative Exchequer Costs*

- 10.73 No exchequer costs would be involved.

## TRANSPORT

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*Recommendation 31: Funding via INTERREG IIIA and through national programmes for cross-border road networks*

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- 10.74 There is an extensive network of cross-border roads all along the border between North and South. A programme of investment was undertaken during the second half of the 1990s, funded by the PEACE and INTERREG II Programmes, to restore and reinstate many of the roads in this network. Further investment is planned under the new INTERREG IIIA Programme for the period 2000-2006 and in Ireland generally under the National Development Plan.

*Indicative Exchequer Costs*

- 10.75 The proposed funding should be accommodated within existing expenditure plans, but may require a re-allocation to support this initiative.

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*Recommendation 32: On-going co-operation between local authorities in planning of road infrastructure*

---

- 10.76 There remains a high level of concern in border areas with the condition of cross-border roads. In many cases the volume of traffic might not justify investment on the basis of standard economic appraisal of cross-benefit analysis, if existing rather than potential future demand is utilised. It is important that the main strategic routes across the border should facilitate easy and speedy access for individuals as well as businesses. On-going co-operation between local authorities in border regions and national administrations should involve planning for road infrastructure on an island of Ireland basis.

*Indicative Exchequer Costs*

- 10.77 This concerns co-ordination and reallocation within existing national budgets.

---

*Recommendation 33: Support for feasibility studies and promotional support for cross-border air services*

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- 10.78 There is currently only one North/South air service between Derry and Dublin. There would be benefits in terms of North/South mobility if a competitive Belfast-Dublin air service was available. We realise, however, the difficulties in developing viable new air links. If in the future any interest emerges from scheduled carriers to consider such a link, support, including co-funding for feasibility studies, promotional support and co-operative support from airport authorities should be forthcoming.

*Indicative Exchequer Costs*

- 10.79 Exchequer costs will only be required if interest emerges from carriers. It is recommended that exchequer support for 50% of the costs of feasibility studies should be approved.

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*Recommendation 34: Seed capital support for voluntary cross-border rural bus services*

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- 10.80 There is an extensive network of cross-border services provided by both public and private transport operators. However, many people living in border areas feel that the level of service in rural parts of the border region presents an important obstacle to mobility. We believe that authorities in Northern Ireland and in the South should consider introducing a seed capital fund to support voluntary and other provider groups interested in operating rural bus services in cross-border regions.

*Indicative Exchequer Costs*

- 10.81 This would involve exchequer costs of the order of Stg£100,000 per annum.

## **EDUCATION, TRAINING AND EMPLOYMENT**

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*Recommendation 35: All professional and regulatory bodies to ensure mutual recognition of qualifications*

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- 10.82 It is important that there is maximum co-operation on the recognition of qualifications. Firstly, we recommend that all professional and regulatory bodies are encouraged to co-operate to ensure mutual recognition of qualifications.

*Indicative Exchequer Costs*

- 10.83 No exchequer costs would be involved, although we recognise that where associated changes in curriculum are required, there is potential for costs to arise.

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*Recommendation 36: Recognition of qualifications in the medical profession*

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- 10.84 Attempts have been made in the health sector to initiate exchanges within a small number of specialities e.g. there is a specific system of exchange of trainees in the area of paediatric surgery, with the training periods recognised in both jurisdictions for the purposes of accreditation. The Co-operation and Working Together Initiative (CAWT) also has a strong agenda to foster co-operation for mutual recognition of professional qualifications. Nevertheless, success to date has been limited to a few specialities where it has been difficult to maintain a programme only in one jurisdiction e.g. neurosurgery and paediatric surgery. Despite their all-Ireland remit, the Royal College of Physicians and the Royal College of Surgeons in Ireland are only able to organise training within the South. Training in Northern Ireland is organised in association with the UK colleges because they are the bodies responsible for providing accreditation. Recognition of qualifications in the medical profession should be instigated jointly by the relevant medical organisations to address such issues, with the involvement of relevant bodies such as CAWT.

*Indicative Exchequer Costs*

- 10.85 No exchequer costs would be involved, although this initiative may need to be driven by the relevant government departments.

---

*Recommendation 37: Joint accreditation of vocational training courses to be introduced where appropriate*

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- 10.86 An issue of relevance concerning North/South mobility relates to vocational qualifications. For young people entering the labour market, there are significant differences in the way that the transition into work is handled, North and South, in relation to vocational qualifications. The respective merits and nature of each system are not widely understood nor is the cross-border infrastructure in place to support mobility. We recommend that joint accreditation of vocational training courses be introduced.

*Indicative Exchequer Costs*

- 10.87 No significant additional exchequer costs would be involved.

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*Recommendation 38: Consideration to be given to harmonisation of competencies and standards encompassed in training courses in both jurisdictions*

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- 10.88 Furthermore, in light of the previous recommendation, it is recommended that consideration be given to harmonisation of the content of training courses.

*Indicative Exchequer Costs*

- 10.89 Some one-off modification costs may be involved. This requires further evaluation.

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*Recommendation 39: Expansion of mutual recognition of outcomes of vocational training*

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- 10.90 There has been progress in achieving mutual recognition of qualifications in a few trade areas e.g. tool making, electrical and plumbing. This provides a good basis for further work to expand mutual recognition of the outcomes of vocational training in a wide range of subject areas. This will require closer co-operation between the relevant authorities North and South of the border.

*Indicative Exchequer Costs*

- 10.91 No significant additional exchequer costs involved.

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*Recommendation 40: Consideration be given to more flexibility regarding access to training allowances*

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- 10.92 Students from the South can access vocational training in the North without a Northern address but cannot access training allowances. Consideration should be given to more flexibility on a North/South basis to the issue of place of residency in obtaining access to training allowances.

*Indicative Exchequer Costs*

- 10.93 This should be accommodated within existing budgets.

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*Recommendation 41: Recognition of service periods in both jurisdictions for public sector appointments*

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- 10.94 We recommend that public sector appointments in Northern Ireland and in the South should mutually recognise service periods in the other jurisdiction in deciding on appointments. This recommendation is designed to facilitate increased labour mobility in the public sector and needs to fit within a wider framework of the Treaty of Rome.

*Indicative Exchequer Costs*

- 10.95 No additional exchequer costs would be involved.

## TELECOMMUNICATIONS, BANKING AND INSURANCE

*Recommendation 42: All fixed-line and mobile operators to consider introducing same charge for local and national calls*

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- 10.96 In Section IX, Eircom (the largest fixed-line operator in the South) was identified as having the same charges for fixed-line local and national calls within the South and for fixed-line local and national calls from the South to the North. It is proposed that all fixed-line operators in the North and the South should introduce the same charges for local and national calls on the island. In general, it was found that there are not significant differences in non-roaming mobile call charges for between and within jurisdiction calls. However, this was not the case for all mobile operators, and in a number of cases some operators charge more for cross-jurisdiction calls. It is proposed here that all mobile operators should introduce the same charges for calls throughout the island.

*Indicative Exchequer Costs*

- 10.97 No additional exchequer costs would be involved.

*Recommendation 43: Consumer associations to introduce information campaigns on comparative telecommunications charges*

---

- 10.98 The issue of understanding mobile phone charges was described in a recent report as ‘a near impenetrable jungle’.<sup>1</sup> Indeed, there exists a plethora of mobile phone call charges within both jurisdictions. The fact that there are different operators in the North and South can lead to increased confusion when considering and comparing call charges across operators. In order to facilitate customers in making price comparisons across operators and identifying the best deals for moving across jurisdictions, consumer associations should introduce information campaigns detailing comparative telecommunication charges.

*Indicative Exchequer Costs*

- 10.99 No significant additional exchequer costs would be involved.

*Recommendation 44: Roaming charges to be examined by appropriate regulatory/competition agencies*

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- 10.100 In Section IX, roaming call charges were identified as being especially high, relative to non-roaming charges. Given the significant costs involved, we believe that roaming charges should be examined by the appropriate regulatory/competition agencies. It should be recognised however that this is not an issue unique to North/South mobility, and is currently being investigated as an issue across all EU countries by the European Commission.

*Indicative Exchequer Costs*

- 10.101 This should be undertaken within existing budgets.

*Recommendation 45: Insurance companies should remove any additional levies on residents travelling between North and South whether for business or personal reasons unless there is clear and quantifiable evidence that they can be justified on underwriting grounds. Further research into the reasons for the difference between the cost of insurance between North and South should be pursued under the auspices of the North/South Ministerial Council*

---

- 10.102 Motor insurance costs were identified as an obstacle to North/South mobility and discussed in Section IX. The Study found some evidence that some insurance companies charge higher premiums for persons travelling across jurisdictions for work reasons. This clearly can be considered an obstacle to mobility.

Clearly it would facilitate mobility if persons travelling regularly across the border, either for business or for personal reasons, are not charged additional premiums.

*Indicative Exchequer Costs*

10.103 No additional exchequer costs would be involved.

*Recommendation 46: All licensed banks in the North and the South providing services to the personal sector should publish comparative information on fees and charges relating to domestic and cross-border transactions.*

---

10.104 The publication of comparative information on fees and charges relating to domestic and cross-border transactions will facilitate consumers in finding the most cost-efficient approach to cross-border transactions. This is already done in the North through the Banking Code of Practice.

*Indicative Exchequer Costs*

10.105 No additional exchequer costs would be involved.

*Recommendation 47: Consumer associations to highlight comparisons of cross-border banking charges*

---

10.106 In support of the previous recommendation, and to help customers in their comparisons, information campaigns should be introduced in Northern Ireland and the South, in order to highlight a comparison of cross-border charges.

*Indicative Exchequer Costs*

10.107 No additional exchequer costs would be involved.

*Recommendation 48: Establishment of North/South Banking Charges Working Group*

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10.108 Section IX identified that charges for cross-border banking transactions were in general higher than charges for transactions within jurisdictions. It is recommended that a government led North/South Charges Working Group be established to examine ways in which the banking sector can facilitate North/South labour mobility. This should take place at the highest possible level in both governments.

*Indicative Exchequer Costs*

10.109 Some administrative costs may be incurred.

*Recommendation 49: Banks to be requested to consider feasibility of introducing selective standard charges*

---

10.110 The recommendation in relation to banking charges is that banks should be requested to consider introducing standard charges and fees for selected specific North/South bank charges for the personal sector.

*Indicative Exchequer Costs*

10.111 No additional exchequer costs would be involved.

*Recommendation 50: Banks to be requested to consider recognising periods in employment on the island of Ireland basis when processing mortgage applications*

---

- 10.112 It has been reported to us that many frontier workers operate dual bank accounts and do not transfer funds between their accounts through the banking system. Cash machines are frequently used to access funds from a bank account in the other jurisdiction. This situation has given rise to perceptions that in certain circumstances individuals have difficulty seeking mortgages or other types of loans or advances from their 'home' bank, where a regular employment income paid into an account in the same bank in the other jurisdiction is not regarded as providing adequate security.

*Indicative Exchequer Costs*

- 10.113 No additional exchequer costs would be involved.

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**Endnote**

- 1 *The Evolution of Telecom Technologies: Current Trends and Near-Future Implications*, A Report for the Centre for Cross-Border Studies, February 2001.

North / South Ministerial Council  
An Chomhairle Aireachta Thuaidh / Theas  
39 Abbey Street, Armagh, BT61 7EB  
Telephone: (028/048) 3751 8068

Front cover shows the Senator George Mitchell Peace Bridge which links Counties Cavan and Fermanagh on the Aghalane to Belturbet Road. Picture courtesy of Bill McBurnie Photography, Enniskillen.

North / South Ministerial Council  
An Chomhairle Aireachta Thuaidh / Theas  
*Study of Obstacles to Mobility - Appendices*

November 2001



**North/South Ministerial Council  
An Chomhairle Aireachta Thuaidh/Theas**

***Study of Obstacles to Mobility***

**APPENDICES**

**November 2001**

## **Note**

The purpose of this report is to improve awareness of, and stimulate debate on, obstacles to mobility of persons, in either direction, between North and South on the island of Ireland.

Extracts of this report and the associated research may be reproduced for academic purposes, other than for commercial exploitation, gain or reward, subject to the authorship of PricewaterhouseCoopers, Indecon International Economic Consultants and the North/South Ministerial Council, being acknowledged.

Care has been taken to establish that the information provided in this report is accurate at the time of publication and that the sources and authors of third-party information and reports are mentioned and acknowledged.

The work on this report was carried out during the period January to June 2001.

The consultancy team is grateful to the Steering Group and to officials from the North/South Ministerial Council for their support and advice throughout the duration of this study. They also wish to express their appreciation to all those who provided input to the study, including particularly those companies and individuals who agreed to act as case studies.

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## Contents

### Appendices

A	Report on Scoping Study Workshop.....	A-5
B	Public Advert, Baseline Information return & survey of banks .....	B-1
C	Company case studies.....	C-1
D	Individual case studies .....	D-1
E	Working papers .....	E-1
F	Public meetings.....	F-1
G	Analysis and evaluation of barriers to mobility.....	G-1
H	Regression analysis .....	H-1
I	Bibliography .....	I-1



# **Appendix A**

## **Report on Scoping Study Workshop**

North/South Ministerial Council  
An Chomhairle Aireachta Thuaidh/Theas

Study of Obstacles to Mobility:  
Scoping Workshop

Hilton Hotel, Belfast  
Friday 9th February 2001



Scoping Workshop -List of Attendees

Name of Organisation	Official
Cavan Partnership	Orla Brady
CAWT Resource Unit	Frances McReynolds
Centre for Cross Border Studies	Nuala Sheerin,
D/Agriculture and Rural Development	Andy Pollak
D/HFETE	Danny McNeill
D/HSSPS	Ian Walters
Department of the Environment (NI)	Don Hill
East Border Regional Office	Alex Boyle
EURES	Pamela Arthurs
EURES Cross-border Partnership	Ambrose McLernon
IBEC/CBI	Tom Gillen
ICBAN	William Poole
ICTU	Geoff MacEnroe
InterTradeIreland	David Clarke
LACE – TAP	Eugene McGlone
NIACAB	Patricia McKeown
NICS Occupational Health Service	Inez McCormack
Faculty of Occupational Medicine, RCSI	Liam Nellis, Chief Executive
North West Region Cross Border Group	Carol Gilliland
Special EU Programmes Body	Derek Alcorn
TRASNA	Dr Ken Adley
	Dr Arthur Eakins
	Eamon Molloy
	John McKinney
	Kathleen Maguire

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## Scoping Workshop- List of Attendees *Cont.*

Name of Organisation	Official
Waterways Ireland	Karl Unger
OFMDFM	Hugh Logue Graham Gudgin
Dept of the Taoiseach Dept of Foreign Affairs Dept of Finance Dept of Social, Community & Family Affairs	Walter Kirwan (co-chair) Helena Nolan Dahdouh Tony Jordan Gerry Mangan
NSMC Secretariat	Dick Mackenzie (co-chair) Tim O'Connor Derek Wheeler Pat Donaghy Gavan G. O'Leary
Pricewaterhouse Coopers	Graham Cash Philip McDonagh Stephanie Morrow
Indecon	Alan Gray William Holmes-Batt

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## Structure of Discussion

Facilitated discussion of:-

- ★evidence of obstacles by type of individual
- ★evidence of obstacles by sector
- ★potential solutions and implementation issues

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## Perceived Obstacles by Type of Individual Key Points Recorded

- Difficulties and cost of bank transactions
- Mobile phones - no “all Ireland” tariff and cost of cross-border calls
- Access to hospital services - lack of awareness about eligibility and issues around cost
- “Chill factor” - fear on part of South residents getting caught up in random violence
- Import duty on cars (customs and excise procedures)
- Perceptions around difficulty moving with school age children and access to compatible education

Indecon

PricewaterhouseCoopers

## Perceived Obstacles by Type of Individual Key Points Recorded

- Transferability of specialist training for doctors impacts on North South mobility
- For the unemployed and job seekers accessing information on vacancies, and understanding Terms and Conditions of advertised posts is a key issue
- Issue around social security e.g. eligibility for social security if made redundant from a post based in the jurisdiction other than an individuals place of residence.
- Significant demand for social security advice in border areas, and clear need for information sharing

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## Perceived Obstacles by Type of Individual Key Points Recorded

- For commuters, transport infrastructure including quality of cross-border roads
- Children educated close to their parents place of work which may be across the border from where they live, may not be eligible for transport
- Eligibility for childcare benefits, including new family tax credit
- There are a number of cross-border childcare projects, which could offer valuable lessons to the study
- Cost of housing is a key issue - important in the decision making process about short term 1-2 year secondments. One solution could be a facilitated rental sector for low income persons perhaps involving housing associations

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## Perceived Obstacles by Type of Individual Key Points Recorded

- Awareness for parents around comparative education re: Leaving Certificate and GCSE system
- Shortage of labour in the South has added impetus to the process to harmonise or at least recognise qualifications from the North
- Employers have some responsibility in supporting individuals to make a move by ensuring they are aware of issues around tax, access to services etc.
- Important issue of bank costs.
- Pension portability/ flexibility

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## Perceived Obstacles by Type of Individual Key Points Recorded

- Accessing car insurance involves an additional premium
- The cross-border health group (CAWT) noted key issues with respect to mutual recognition of qualifications in health and social care and the need for bridging modules
- Frontier worker is key term used for cross-border workers
- Lot of experience in Derry regarding cross-border working
- Employers are starting to offer packages to deal with cross-border differences
- Access to local authority housing - how do you get on a list ?

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## Perceived Obstacles by Sector Key Points Recorded

- Construction sector - withholding tax
- Nationality requirements which may be invoked for public service posts
- View that sectoral issues can be got around if the demand for labour is high e.g. ICT/software and construction where mutual recognition is more advanced
- Registration required for Southern architects in the North
- FAS has more flexibility than DHFETE to recruit in external jurisdictions
- Many of the obstacles are psychological - also lack of relationships between organisations and professional bodies and awareness about opportunities from collaboration

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## Perceived Obstacles by Sector Key Points Recorded

- Public sector projects regarding joint delivery of services in border areas should provide valuable lessons
- Reskilling of individuals from sectors experiencing downturn should be transferable North and South

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## Potential Solutions and Implementation Issues

- Solutions were touched on throughout the other two sessions
- In the case of banking the first stage is to “get the facts in front of us” regarding the scale of the issues, then lobby for change - will not be solved at the level of the customer. Some progress at EU level.
- We could identify solutions from other European cross-border regions
- Should there be “cross-border” proofing as per new TSN Equality
- The optimum delivery of services in border areas using cross-border labour/co-operation should be the subject of a separate study
- Some solutions will require a UK dimension

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## **Appendix B**

### **Copy of public advertisement, Baseline Information Return and Survey of Banks**

**North/South Ministerial Council**  
**An Chomhairle Aireachta Thuaidh/Theas**

**Study of Obstacles to Mobility Between**  
**The Two Parts of the Island of Ireland**

The North/South Ministerial Council (NSMC) have appointed consultants, PricewaterhouseCoopers and Indecon International Economic Consultants to undertake a study of obstacles to mobility of persons between the two parts of the Island of Ireland. This relates to obstacles to persons living or working in one jurisdiction and moving or seeking to move to live, work or study in the other jurisdiction.

The consultants would like to hear from you if you have views and opinions on the obstacles to mobility between the two parts of the Island of Ireland.

In the first instance, please contact the consultants by telephone, letter, fax or email as indicated below. You will, in turn, receive a "return form" designed to collect your views and opinions.

As the timescale for the study is demanding please contact the consultants by 26 February 2001.

**Contact details:**

Please contact:

Susan Kirk  
PricewaterhouseCoopers  
Fanum House  
108 Great Victoria Street  
BELFAST  
BT2 7AX

Email: [susan.e.kirk@uk.pwcglobal.com](mailto:susan.e.kirk@uk.pwcglobal.com)  
Tel: 0(044)2890 891526 Tel: 0(0353) 1 6777144  
Fax: 0(044) 2890 891600

Carol Harold  
Indecon International Economic Consultants  
Wellington Quay  
Dublin 2  
Ireland

Email: [charold@indecon.ie](mailto:charold@indecon.ie)  
Fax: 0(0353) 1 6777417

## STUDY OF OBSTACLES TO MOBILITY BETWEEN THE TWO PARTS OF THE ISLAND OF IRELAND: BASELINE INFORMATION RETURN

The North/South Ministerial Council (NSMC) have appointed PricewaterhouseCoopers and Indecon International Economic Consultants to undertake a study of obstacles to mobility between the two parts of the Island of Ireland.

The consultants are required to identify the obstacles to mobility of individuals, in either direction, between North and South on the Island of Ireland. Obstacles are to be considered with respect to individuals who are working, the self-employed, students, unemployed, and others who are not economically active e.g. the retired.

As part of this study it is important to obtain the views of a range of public and private sector organisations and individuals in both parts of the Island of Ireland. We would therefore be very grateful if you could take a few moments to complete this confidential Base Information Return and return it to us at your earliest convenience.

**Question 1:** *Please indicate your assessment of the extent to which, based on your organisation's or your own personal experience, the following factors represent or do not represent important obstacles to mobility of persons between the two parts of the Island of Ireland. (Please tick one box in each row).*

### RATING IN TERMS OF IMPORTANCE AS BARRIER TO MOBILITY

	Very Important	Fairly Important	Not Very Important	Not at all Important	Don't Know
Direct Taxes Including Income Tax	<input type="checkbox"/>				
Indirect Taxes Including VAT Tax	<input type="checkbox"/>				
Vehicle Importation And Registration	<input type="checkbox"/>				
Social Security	<input type="checkbox"/>				
Pensions	<input type="checkbox"/>				
Health	<input type="checkbox"/>				
Education	<input type="checkbox"/>				
Training	<input type="checkbox"/>				
Recognition Of Qualifications	<input type="checkbox"/>				
Employment Law	<input type="checkbox"/>				
Housing	<input type="checkbox"/>				
Childcare	<input type="checkbox"/>				
Telecommunications	<input type="checkbox"/>				
Banking	<input type="checkbox"/>				
Insurance	<input type="checkbox"/>				
Transport Services; and Other Regulatory/Administrative Barriers (Please Specify)	<input type="checkbox"/>				

**Question 2:** *For those factors which you have marked as "very important" or "fairly important" in Question 1 can you:-*

- (a) provide specific examples or illustrations from your direct experience or from your knowledge of the experience of others;
- (b) indicate potential solutions to the problems or barriers; and
- (c) identify who might be responsible for implementation of potential solution.

**(A) EXAMPLE OR ILLUSTRATION**

**(B) POTENTIAL SOLUTIONS**

**(C) INDICATIVE RESPONSIBILITY**

Please use additional pages if required.

Thank you for your assistance. Your response will be treated in confidence. The **aggregation** of responses will provide an overview of the obstacles experienced and form the basis for consideration of the recommendations to be developed. However to enable accurate interpretation of the information supplied by you it would be helpful if you could complete the following details:-

*I am responding in a personal capacity (i.e. as an individual)*

*I am responding on behalf of an organisation (employer/professional body)*

*I live in the North of Ireland*  County\_\_\_\_\_

*I live in the South of Ireland*  County\_\_\_\_\_

Please return in the pre-paid envelope attached by **21st March 2001**. You may also reply by fax, to 01-6777417. If you have any queries regarding this questionnaire, please contact William Holmes-Batt, at 01-6777144.

## Survey of Banking Issues

### (1) Requirements when opening an account.

What are the requirements that need to be satisfied when opening an account for the following categories of individual:

- an established resident in the South
- a newly arrived resident in the South
- a cross-border employee who is employed in the South but who is resident in the North

### (2) Costs of Transactions

Please specify the costs of the various transactions set out in the two tables below. Table 1 is concerned with information relating to cross-border transactions, while Table 2 is concerned with transactions within the same jurisdiction. For each table we have asked for details on the cost of transactions within the same banking group and for all others.

**Table 1 Cross-Border Transactions**

<i>Transaction Type</i>	<i>Costs of Transactions within same Bank Network</i>	<i>Costs for all others</i>
Bank Draft		
Electronic transfers		
Bank Giro		
Cheque Transactions		
Currency Conversion		
ATM Fees		

**Table 2 Transactions within the same jurisdiction**

<i>Transaction Type</i>	<i>Costs of Transactions within same Bank Network</i>	<i>Costs for all others</i>
Bank Draft		
Electronic transfers		
Bank Giro		
Cheque Transactions		
Currency Conversion		
ATM Fees		

### (3) Timeliness

For the transactions set out above, where applicable, how long does it take to transfer funds from an account in Dublin to an account in Belfast if:

- the accounts are in the same bank network, and
- for all other accounts.

# **Appendix C**

## **Company Case Studies**

## Contents

	<b>Page</b>
Company 1 Manufacturing Sector .....	C-3
Company 2 Manufacturing Sector .....	C-6
Company 3 Software Sector .....	C-7
Company 4 Construction Sector .....	C-9
Company 5 Health and Social Services Sector .....	C-11
Company 6 Financial Services Sector .....	C-12
Company 7 Food Processing Sector .....	C-13
Company 8 Legal/Professional Services Sector .....	C-14

*The company and individual case studies have been prepared solely for the purpose of this study. They should not be used for any other purpose. The case studies reflect the position as represented by the companies and individuals at the time of interview. No independent appraisal or evaluation of these views and perceptions has been carried out. Irrespective of this, views and perceptions are an important issue in driving and influencing mobility between the two jurisdictions.*

## Company 1

### Background

- Company 1 operates in the manufacturing sector and employs over 700 staff on both sides of the border.
- The Southern plant employs mostly staff from the South whereas the plant in the North has a greater proportion of cross-border workers.
- The company sees itself as very much “at the coal face” of having to deal with the day to day “hassles” of employing “frontier workers” and operating two plants either side of the border, which entails essentially “two sets of management and operating practices”.

### Obstacles relating to transfer/relocation of staff from one jurisdiction to another

- Management travel regularly between the two plants. They have had cause to relocate staff at management level (e.g. directors) which is usually for fixed periods and they usually stay on the Northern payroll. However, they have had cause to relocate a certain number of production staff who have sometimes transferred payroll.

The obstacles are greater moving from North to South. Obstacles encountered include:

- Health care differentials are a big factor. Only company directors either side of the border are on private health schemes and so the issue arises mainly with production and maintenance staff. The view expressed was that if you earn more than £80 a week in the South, you do not qualify for a medical card and have to pay for every doctor’s visit and higher rates for prescriptions. If you work in the North, you are eligible for a medical card which entitles you to free GP visits and cheaper prescriptions.
- Currency differentials mean that it is preferable at the moment to get paid in sterling and therefore to work in the North.
- There is a perception that direct tax is higher in the South. However, this has evened out in recent years. Indirect tax remains higher in the South with petrol being the only commodity which is cheaper.
- The potential loss of access to the Working Family Tax Credit (WFTC) in the North and the better maternity benefits have also proved an obstacle to mobility from North to South.
- Statutory notice entitlements are also less in the South relative to the North (8 vs 12 weeks) and redundancy entitlements are perceived to be better in the North. Specifically, there is also a perception that if you have longer service you are better off in the North if made redundant.
- Car insurance/purchase/motor tax etc are all higher in the South.

Some barriers work both ways with respect to transferring/seconding staff:

- Public transport – this is very poor in both directions and represents a real barrier particularly for junior/less well-paid staff who do not have access to a car.
- Transfer of occupational pensions – employees moving to/from either jurisdiction have to move out of one scheme and register on the scheme applicable in the other jurisdiction.

Obstacles evident from South to North:

- Petrol is a lot cheaper in the South.

However, the main obstacles which influence individuals’ decision-making are health, taxation, transport and salary differentials.

Although differences exist in the areas of employment law and entitlements, these are not generally part of the decision-making process because workers are often not aware of them.

### **Ongoing problems associated with relocated staff**

- Car use – employees’ cars from another jurisdiction can get impounded and employees have to endure the personal cost of having to re-register and pay an increased premium.
- From an employer’s perspective, getting up to speed and remaining updated on the industrial relations machinery in the North and in the South is a big challenge. The company has to manage two different sets of rules and the tribunal process is completely different.
- Banking – employees incur charges when they are paid in one jurisdiction and living in the other. This is particularly difficult when large sums of money are involved, for example when paying mortgages.
- Travel – is not a problem for those employees with their own car. However, public transport is very poor and represents an ongoing problem for those at lower level who do not own a car.
- Pension – according to the company, if you relocate employees you must also transfer their occupational pension which means withdrawing from one scheme and re-registering in the next. Employees therefore lose out on the transfer value. The company administers two different pensions (factory worker/staff pension) both sides of the border i.e. four in total. This leads to four different renewals. Further to this, AVC’s are handled differently in the South resulting in four different rules/handbooks and four Trustee meetings.
- Telecommunications – directors/managers frequently travel across the border. The roaming facility can only be used if you arrange it in advance. The cost of “roaming” is very high resulting in a cross-border call being treated as international. This is also an issue for relocated staff.
- Tax differentials including different tax years create obstacles.
- Currency fluctuations.
- State entitlements in the North are better (WFTC, maternity, notice entitlement, redundancy entitlement).

### **Obstacles relating to recruitment of staff across the border**

- The plant in the South has a limited recruitment catchment and is currently finding it difficult to attract workers from the North due to:
  - perceived healthcare differentials / access to a medical card;
  - perceived taxation differentials which make the North appear a more attractive place to work;
  - salary differentials due to the draw of a sterling pay cheque;
  - access to WFTC, Statutory Sick Pay; Preferential Maternity Benefit (SMP) in the North, which will be further enhanced in the future;
  - child benefit differentials.
- Redundancy rights differentials:
  - 169 days counts as a year in the South/ but it must be a full year in North; and
  - employees are considered better off if they have a long service in the North and are made redundant.
- Recognition of qualifications is not a big issue as the company generally recruit and “train on the job”. At the end of the day there are differences in the content/quality of courses North and South and HR managers get to recognise the different qualifications and they have to make a judgement about relative quality.

- The recruitment process is not really a barrier – the more stringent process in the North is not a real deterrent and the draw of getting paid in sterling and perceived better conditions in the North outweigh any concerns on the recruitment process.

### **How has the company intervened?**

- To deal with training issues, the company introduced a ‘multi-skilling’ training initiative for all staff, which may address some qualifications/previous training differentials on either side of the border.
- The company has not intervened on car use and only directors have company cars which are covered in both jurisdictions.
- The company employs a doctor and a nurse on both sides of the border as well as a mobile screening unit to overcome, in part, access to health care issues in the South. (The company regularly monitors occupational health levels and discovered that health levels are much poorer in the South, as individuals will not pay to go to a doctor or for a prescription).
- The company tries to not get into “the currency debate” – but inevitably they find that they have to listen to arguments from both sides and undertake local negotiations on both sides.
- Transport – the company previously had a regular minibus service. During busy periods, the company sometimes has to hire a minibus to transfer staff to either plant. Otherwise the company tries to organise lifts/car pools.
- The company feels there is nothing they can do on the other issues, particularly the social welfare issues.

### **Concluding comments**

- Practical issues – the Company manages two different sets of contracts for the North and South. Local issues/cost of living/currency fluctuations are all subject to ongoing debate and result in two different sets of local negotiations. The same trade union (TGWU) operates on both sides of the border but cross-border differentials are also hard for the trade union to keep track of.
- The Company believes that workers can take advantage of the fact that they are in a border area. Some look at the cross-border differentials, make comparisons and lobby for equal/better treatment rather than what should be applied in their own jurisdiction. The differences promote fabrication of addresses and encourage individuals to “work the system”.
- The Partnership 2000 Programme for Prosperity and Fairness was a great step forward in promoting equality of treatment in the South.

## **Company 2**

### **Background**

- Company 2 operates in the Manufacturing Sector.

### **Obstacles relating to transfer/relocation of staff from jurisdiction to another**

- Limited transfer/relocation of existing employees/directors across the border.

### **Obstacles relating to ongoing problems associated with staff recruited from the other jurisdiction.**

- Employment Legislation - when a retail outlet was opened in the South, shop staff had to be employed. Due to the differing employment legislation, contracts based on Southern legislation had to be drawn up. All of the retail outlet employees were recruited from the South, so no transferring of staff was involved. Understanding the different employment legislation in the South was a “hassle” e.g. if an employee works on a Sunday they have to get time off in lieu, whereas in the North Sunday working, especially in retail, is counted as a normal shift.
- Registration of company cars - company cars are supplied to managers, some of whom live in the Southern jurisdiction. The cars had to be re-registered with a cost of £600-£800 per car. Also if the car is registered in the South there is no VAT relief on maintenance.
- Employees’ entitlement to social security/ state benefits after redundancy - employees who had been made redundant in the North and lived in the South had a large delay in receiving their entitlements. Communication with the employees has revealed that the employees are now more likely to look for work in the Southern jurisdiction.

### **How has the company intervened?**

- Employment Legislation – the company gathered information from the Chartered Institute of Personnel Development and the Labour Relations Agency.
- Registration of Company Cars – Cars have been sourced in the South, but it is still more expensive than the North.

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## Company 3

### Background

- The company was founded in Dublin and evolved north to take advantage of high calibre IT graduates in the North due to the skills shortage of IT/TC engineers in the South.
- The company is now in the “3<sup>rd</sup> generation mobile technologies market” and employs over 150 staff in Belfast and Dublin.
- The workforce is very young (average age 29) and highly qualified, and generally mobile.
- Its products are orientated towards a global market.

### Obstacles relating to transfer/relocation of staff from jurisdiction to another

- Secondments/short term transfers from North to South are common, reflecting the volume of work in Dublin and the view that Dublin is a great city for young people for a couple of years.
- More permanent transfer/relocations are almost all South to North reflecting the views that the cost of housing/living is cheaper in the North, tax is lower in North, transport hassles of getting to work are less in Belfast than Dublin, and some employees have ties through studies and family/friends in North which bring them back as a more permanent move.
- By and large, there are very few barriers, largely because of the nature of the workforce and the fact that the company has intervened to make secondments/transfers as smooth as possible for staff and resulting in the same or similar terms and conditions of employment North and South.
- Banking – The company pay salaries in whatever currency/jurisdiction the employees want after they transfer or are seconded. Most employees are able to select an option which can ease charging from banks. Most people on secondment/transfer to Dublin get their salary paid in Sterling in North and withdraw cash for living in Dublin. The company pay staff working away from home good daily allowances so they are rarely out of pocket.
- Telecommunications – expensive mobile phone roaming charges reflect the fact that by moving into another jurisdiction you are accessing another providers network. The company considers that a solution will be unlikely as the three operators would need to be involved in the South and one key network in North is owned in France so discussions would have to take place on a very wide basis. At the end of the day they have a right to charge you for entering another jurisdiction/network – it would be the same if you travel across border from France to Germany. All that could be hoped for is some progress on the harmonisation of ‘roaming charges’ and better communication of options and charging regimes.
- Transport – public transport, specifically trains, are unreliable for regular commuters travelling back home to the other jurisdiction.
- Pensions – the company pension scheme can be transferred without too much hassle from North to South if a person moves permanently. Staff seconded to Dublin, who are paid in the North in sterling, contribute as normal.
- In terms of employment legislation and recruitment practice, the company takes the strongest most stringent legislation and applies it North and South with the same rigor. Employment rights such as statutory notice and redundancy differentials do not put people off transferring. The company has no experience of either giving people notice or redundancy.
- The main obstacles the firm has encountered in relocating staff are housing and transport services. Housing, when relocating North to South, is a problem both in terms of access and the cost of short term housing in Dublin. Transport services are an issue, as the train is unreliable, which can be an issue for central training events involving employees from the North and South and for employees commuting.

### **How has the company intervened?**

- Housing - the company have intervened to provide quality rental accommodation for secondees/transfers to Dublin with agreements in place with a number of real estate providers.
- Transport Services- the company has intervened and often provides 'hired transport' to ferry a number of people who regularly travel from Belfast to Dublin and vice versa.
- Childcare - the company provides a support package to encourage women to return to work and provides childcare vouchers in North. The Government in the North has introduced a childcare voucher initiative which does not apply in South. The company has compensated for this in the South by providing extra healthcare cover for additional family members.
- Healthcare – the company provides private healthcare for all employees, North and South.
- Taxation - taxation is compensated for by salary differentials which are regularly reviewed, North and South, on the going market rates in Dublin/Belfast. Staff in Dublin are paid substantially more, but by and large they are probably not better off.

### **Ongoing problems associated with relocated staff or staff recruited from the other jurisdiction**

- The company operates in a dynamic and fast moving telecommunications environment with no real problems recruiting individuals from one jurisdiction to work in the other. Their workforce is generally young and mobile.
- At recruitment stage consideration of the differentials in qualifications is an issue. The Diploma type qualifications in South are generally of a lower attainment level/quality than the MSC/conversion courses in North.

### **How has the company intervened?**

- Recognition of Qualifications - all staff North and South are put through an MSC in Telecommunications (10 module programme) for which the Company pays a Trainer to come over from the UK on a regular basis.

### **Concluding comment**

- The company offers so much more than the statutory obligations of an employer which can be offered fairly equally North and South. The company believes this is what it takes to attract and retain high quality IT/TC graduates in a fast moving and competitive market and they will continue to develop further personnel policies in this direction. Key actions for Government from their perspective are the harmonisation of qualifications and transport.

## Company 4

### Background

- The company operates in the construction sector.
- It employs over 1000 staff and operates both North and South of the border.

### Obstacles relating to transfer/relocation of staff from one jurisdiction to another

- There is normally limited transfer/relocation of existing employees/directors across the border.
- However recently the company had to transfer around 75 production and administrative staff to the South to a new plant to support the restructuring of company activities.
- Staff perceived many obstacles in this transfer.

Obstacles encountered relocating North to South:

- Public Transport – This is an issue in both directions as there is currently no public transport service which goes to the plant in the South so employees have to organise car pools.
- Statutory Sick Pay (SSP) – There is no SSP scheme in operation in the South. Under the PRSI regulations in the South employees may be eligible to claim Disability Benefit if unable to work due to illness, provided they satisfy certain contribution conditions, after three waiting days.
- Healthcare – If employees are resident in the North they will continue to receive free medical care entitlements in the North if they are relocated to the South. However if the employee is resident in the South and changes his place of work from North to South, he will lose his entitlements to free medical care in the North. If his partner continues to work in the North, they will only be able to receive free medical care for themselves, and not the rest of the family.
- Pension Entitlements – If an employee is resident in the North and relocates employment to the South and begins to pay into the PRSI scheme in the South, when he reaches retirement age, he will make his claim for state pension to the Northern authorities. They will initially take account of the contributions that the employee made into the North. If this does not amount to enough contributions for a full state pension, they will take into account contributions paid into the South. If an employee is resident in the South and changes his place of work from North to South and then pays PRSI, he/she will make his/her claim for state pension to the Southern authorities. They will initially take account of the contributions that the employee has paid into the South. If this does not amount to enough contributions for a full state pension, they will take into account contributions paid into the North.
- Recognition of Qualifications – Part qualified candidates on the apprenticeship system in the South who move to the North to work cannot slot into the NVQ system part way through. Also Health & Safety qualifications are not recognised equally on a cross-border basis and consequently re-training is required which is an added cost to the company.
- Employment Legislation – This is an obstacle when operating on an all island basis as differences exist in every area from public holidays to sick pay, maternity leave and the minimum wage. If an employee is transferred to the other jurisdiction, a new contract is required with new terms and conditions.
- Child Benefit – If an employee is resident in the North and is relocated to the South to work, the Southern authorities will be liable to pay the majority of his child benefit. The North will then make a supplement to this, ensuring that his current child benefit payment is unaffected. However, if the employee is resident in the South, the Southern authorities will be liable to pay his/her child benefit with no supplement from the UK.
- Training – The company was awarded the Investor in People status in the North. When the staff transferred to the South their training status did not map into the southern Excellence in People initiative.

- Telecommunications – expensive mobile phone roaming charges for employees moving across the two jurisdictions.
- Taxation – If an employee has not used up his/her tax relief and transfers to the South, he/she loses the remainder of this tax relief. In terms of taxation status, if an employee works in the South and lives in the North if his wife works in the North he will be classed as single for taxation purposes in the South.
- Banking – If an employee is living in the North and working in the South, his/her pay will go into a Southern bank. The employee will then have to write a cheque from the Southern account to pay into the Northern account, therefore incurring charges.

### **How has the company intervened?**

- The company produced an internal booklet to alleviate concerns about moving location from North to South.
- Telecommunications – All managers are issued with two mobile phones with one for the North and one for the South to avoid roaming charges. Also all sales representatives have a defined territory within one jurisdiction and the company pays for a mobile phone and calls in that jurisdiction only. The Company considers an all-island tariff or a border tariff would be a possible solution to expensive roaming charges.

### **Ongoing problems associated with relocated staff or staff recruited from the other jurisdiction.**

- The company finds it difficult to attract high calibre staff to a border location irrespective of the North/South dimension.
- The company considers that it is possibly harder however to attract individuals from the North to work in the South because of the loss of all social welfare and employment legislation rights and perceptions around taxation.
- Training – a key issue arising in the North for the company is that Northern resident employees working in the South do not qualify for support for training through the Company Development Scheme (DETI), as it is only applicable to workers in the North. The company feels that EI and the DETI do not work closely enough together unlike DHFETE and FAS who have better linkages in place.
- Mortgages- if an individual works in the North and consequently earns sterling and he/she wants to buy a house in the South, the bank in the South will not recognise the currency differential which effectively increases the borrowing rate. Practically this means that an individual acquiring a mortgage on the basis of two and a half times his salary in the North does not get the same leverage to buy a house when his Northern salary is equated to punts.

### **How has the company intervened?**

- As the company finds it difficult to attract high calibre staff to a border location irrespective of the North/South dimension, the company offers competitive remuneration packages to attract and retain staff.

### **Concluding Comments**

- The company is keen to see a Government role in pursuing solutions.
- The company believes that some type of advice/guidance point would be useful to facilitate companies/individuals considering working/operating across the border.
- When the company was considering the implications of moving staff to the plant in the South from the North, they had to seek advice from a consultancy firm, particularly around pension related issues.
- Within the company, it is much more common to have individuals working in the North and living in the South as the relative benefits of this arrangement far outweigh working in the South and living in the North.

## **Company 5**

### **Background**

- Company 5 operates in the voluntary health and social care field.
- It employs almost 100 employees in the North but recruits cross-border.

### **Obstacles relating to transfer/relocation of staff from jurisdiction to another**

- No transfer/relocation of existing employees/directors across the border as they are only located in the North.

### **Obstacles relating to ongoing problems associated with staff recruited from the other jurisdiction.**

- Nurses who have been recruited from the Southern jurisdiction must re-register when pursuing work in the North, but the process is relatively straightforward as the Southern nursing qualification is recognised by them as an employer.
- Issues arise when employees from the Southern jurisdiction are recruited as they do not have a Northern National Insurance number which is necessary to allow the company's payroll system to process a salary. The company contacts the DHSS who normally respond quickly, providing a temporary solution until the NI number is issued. The solution is to put in the employee's date of birth plus some specified numbers in the payroll, which enables the salary to be processed.
- The public transport facilities across the border are very poor and one employee had to have a degree of flexibility around her working day to tie in with the bus timetable.

### **How has the company intervened?**

The company has had and continues to have very few problems in relation to employing people from the Southern jurisdiction. Generally, it was commented that people living around the border regions have a general understanding of the issues in relation to cross-border working when they join. However most information is communicated via word of mouth and not any official source.

## Company 6

### Background

- Company 6 operates within the Financial Services sector on an all island of Ireland basis.
- It employs several thousand staff in the North and South.
- Transfers of staff between North and South are very rare. Terms and conditions are negotiated separately and recruitment takes place separately. In the North the company recruits entirely from within Northern Ireland and therefore does not face any obstacles in relation to mobility in this area either. Obstacles identified by the company therefore relate to a very small number of cases of transfers or more commonly to the general difficulties of management staff travelling to meetings in Dublin and elsewhere.

### Obstacles relating to transfer/relocation of staff from jurisdiction to another

- Housing costs – the high cost of housing in Dublin creates a barrier to greater mobility of staff from North to South. As transfers are not practised, it has not been necessary to seek a solution. However, this is perceived by management as the main barrier to greater mobility. In fact the same problem affects transfers from any regional city to the capital e.g. Belfast to London.
- Transport – it is quicker to get from Belfast to many parts of London by air than to Central Dublin by train.
- Economy – lower level of economic growth and general political instability limit mobility from South to North.
- Recruitment legislation – strictness of employment equality legislation in NI tends to put off people from South wishing to work in North – in South employment practices are more relaxed.
- Taxation systems – while this has been a deterrent in the past, complicated by exchange rate fluctuations, it is much less so now.
- Company car legislation – differences between North and South can be a hindrance to mobility.
- Quality of life – perceived quality of life or lack of it can create barriers to mobility.

### Obstacles relating to ongoing problems associated with staff recruited from the other jurisdiction.

In the North, the company recruits entirely from within Northern Ireland and therefore does not face any obstacles in relation to mobility in this area either. Obstacles identified by the company therefore relate to a very small number of cases of transfers or more commonly to the general difficulties of management staff travelling to meetings in Dublin and elsewhere.

### How has the company intervened?

As transfers are not practised, it has not been necessary to seek a solution. However, the cost of housing in the South is perceived by management as the main barrier to greater mobility.

## **Company 7**

### **Background**

- Company 7 operates in the Food Processing Sector.
- It employs around 500, North and South.

### **Obstacles relating to transfer/relocation of staff from jurisdiction to another**

- No transfer/relocation of existing employees/directors across the border.

### **Ongoing problems associated with relocated staff or staff recruited from the other jurisdiction.**

- Employment Legislation - When the Southern depot was set up staff were recruited from both the North and South. The Northern depot is staffed only by employees living in the North. Due to the differing employment legislation, contracts based on Southern legislation had to be drawn up for the new depot in the South. Understanding the different employment legislation in the South was a hassle.
- Employees' entitlement to redundancy/social security/ state benefits – The Southern depot was originally set up as an operational site. However, the operation in Monaghan was discontinued, resulting in significant redundancies and only the depot remains. Due to the redundancy differentials between North and South, the company contacted the Labour Relations Agency (LRA) which had an Information Helpline to establish the correct practice. Employees who had been made redundant in the South and lived in the North were classed by the company as working in the North so their benefit entitlements would not be affected.

### **How has the company intervened?**

- Employment / Redundancy Legislation – The company gathered information from the Labour Relations Agency.

## **Company 8 (Central Border)**

### **Background**

- The company provides professional legal services and is predominantly based in the South with a sub-office in the North.

### **Obstacles relating to transfer/relocation of staff from jurisdiction to another**

- No transfer/relocation of existing employees/directors across the border.

### **Ongoing problems associated with relocated staff recruited and staff recruited from the other jurisdiction.**

- No staff recruited from the other jurisdiction

### **Other Obstacles Encountered Operating on a Cross-Border Basis**

- **Banking** – The company maintains bank accounts on both sides of the border with the same bank. Unfortunately, the Bank's system is such that the company cannot use the services of one of their branches to operate the facility in another branch. To give an example, if the company wanted to pay Sterling cash into their Northern client account which they had received from a client, they would be obliged to go to the bank in the North to do so instead of being able to lodge through their account in the South.
- **Postage** – When a letter is sent from the North to the South, the letter can take up to 10 days to arrive at their office in the South. Post being sent to the North is much more likely to arrive at its destination within two days of posting. The company believes there must be a more integrated postal system. An efficient postal system is vital to the wellbeing of an integrated economy.
- **Panel Status** – The company is on many mortgage lending panels of financial institutions. However, one institution in particular will not give them panel status because they do not have a main office on the Northern side of the border. The company finds this illogical particularly in view of the fact that many other lenders are quite happy to instruct them and also in light of the fact that the company's main office is situated one mile within the Southern Border and both partners have Practising Certificates in the North and hold Professional Indemnity Insurance for all legal work in NI.

### **How has the company intervened?**

The Company has had no experience of obstacles in the recruitment and relocation of cross-border staff, as its offices in the North are staffed by individuals from the North and its offices in the South are staffed by Southern residents. The company's issues were focused more on the operational issues of running a business on both sides of the border, which it believes could be facilitated by a more integrated approach between the two jurisdictions to banking and other services.

# **Appendix D**

## **Individual Case Studies**

# Contents

	Page
(A) Individuals who live in the South and work in the North: .....	D-3
(i) Individual 1 – Sheila (Eastern Border Region)	
(ii) Individual 2 – Hugh (Eastern Border Region)	
(iii) Individual 3 – Bob (Western Border Region)	
(iv) Individual 4 – Lynne (Eastern Border Region)	
(v) Individual 5 – Karen (Western Border Region)	
 (B) Individuals who live in the North and work in the South: .....	 D-8
(i) Individual 1 – Liam (Eastern Border Region)	
(ii) Individual 2 – Rory (Western Border Region)	
 (C) Student from the North studying in the South: .....	 D-9
(i) Individual 1 – Fergal (Tyrone/Dublin)	
 (D) Individuals from the South now living in the North: .....	 D-12
(i) Individual 1 – Emma (Eastern Border Region)	
(ii) Individual 2 – Philip (Belfast)	
(iii) Individual 3 – Andrew (Belfast)	
 (E) Individuals from North now living in the South: .....	 D-16
(i) Individual 1 – Jean (Dublin)	
(ii) Individual 2 – Sarah (Dublin)	
 (F) Unemployed individuals job-seeking in either jurisdiction: .....	 D-18
(i) Individual 1 – Anna (Eastern Border Region)	
(ii) Individual 2 – James (Eastern Border Region)	
(iii) Individual 3 – Sean (Western Border Region)	
(iv) Individual 4 – Chris (Western Border Region)	
 (G) Individual from the North who retired to the South .....	 D-22
(i) Individual 1 – Trevor (Donegal)	
 (H) Focus groups: .....	 D-23
(i) Focus Group 1 – Enniskillen	
(ii) Focus Group 2 – Carrickmacross	
(iii) Focus Group 3 – Clones	

*The company and individual case studies have been prepared solely for the purpose of this study. They should not be used for any other purpose. The names of the individuals have been changed to retain confidentiality. The case studies reflect the position as represented by the companies and individuals at the time of interview. No independent appraisal or evaluation of these views and perceptions has been carried out. Irrespective of this, views and perceptions are an important issue in driving and influencing mobility between the two jurisdictions.*

## **(A) INDIVIDUALS WHO LIVE IN THE SOUTH AND WORK IN THE NORTH**

### **(i) Individual 1 - Sheila (Eastern Border)**

#### **Background**

Sheila lived and worked in Newry until she married her partner from the South. She then went to live in the South but continued to work in the North where she works as a civil servant. She commutes cross-border everyday.

#### **Barriers Encountered**

1. Lack of Information

- Sheila believes there is a general lack of information on the implications of living and working cross-border specifically with regard to benefit entitlement and taxation.

2. Healthcare

- Sheila felt that people are not aware of what they are entitled to. The fact that people have to pay for medical assistance in the South, makes people afraid to say where they live in case they lose access to NHS services in the North, which in turn encourages the potential for fraud.

3. Banking

- Sheila has a Northern bank account and her husband has a Southern bank account. If she was relying on her Northern account to pay bills in the South, she would incur severe charges.

4. Currency

- Sheila has to carry both currencies.

5. Qualifications / Job Seeking

- Sheila indicated that there used to be an issue with needing an Irish language qualification to work in certain areas but she believes this has now been addressed.
- Sheila believes there is still an issue over people's lack of awareness of what they "can apply for" in the South.

#### **Concluding Comments**

Sheila felt there as a general lack of information on what cross-border workers are entitled to. In terms of support sought, Sheila has made little attempt of a formal nature due to the fear of losing the benefits which she currently gets. She believes that if T&EA and FAS were to work closer together, job centres at cross-border areas could produce a leaflet setting out the implications of working on a cross-border / frontier basis.

## **(A) INDIVIDUALS WHO LIVE IN THE SOUTH AND WORK IN THE NORTH**

### **(ii) Individual 2 - Hugh (Eastern Border)**

#### **Background**

Hugh lives in the South but works in the North in the education sector. He commutes cross-border everyday. His decision to work in the North as opposed to the South was due to a better job / salary being offered in the North.

#### **Barriers encountered**

1. Taxation

- Due to his circumstances, Hugh would have been subject to the dual taxation regime which was previously in place, resulting in him having to pay tax at source on his Northern employment income and then making up the difference arising from his residence in the South (say 25% in the North and a further 15% in the South).
- As Hugh was a non-industrial civil servant working in the North, he was exempt from this dual taxation.
- Hugh was not entitled to Mortgage Interest Relief At Source (MIRAS) on his Northern income as his property and mortgage were in the South.

2. Children's Education

- Hugh's children are being educated in the North at primary school level. The difference in the two education systems both in terms of the 11+ in comparison to the Southern equivalent and also different teaching practices makes it a barrier when deciding whether to pursue secondary education in the North or in the South.

3. Currency Fluctuations

- The fact that Hugh is paid in Sterling yet his mortgage payments are in punts creates an issue if the exchange rate fluctuates.

#### **Concluding Comments**

The main barrier Hugh perceived was the implications for him of the dual tax regime if he had not been covered by the exemption. Further to this, currency differentials remain a problem for him due to his cross-border working patterns. Hugh believes there is a definite lack of information regarding cross-border workers and what their entitlements are, which in turn potentially encourages less than full disclosure of circumstances.

## **(A) INDIVIDUALS WHO LIVE IN THE SOUTH AND WORK IN THE NORTH**

### **(iii) Individual 3 - Bob (Western Border)**

#### **Background**

Bob lives in the South but works in the North within the employment services sector. He commutes cross-border everyday. His decision to work in the North was due to a better job being offered in the North.

#### **Barriers encountered**

1. Taxation

- Bob would have been subject to the dual taxation regime resulting in him paying tax at source on his Northern employment income and then making up the difference arising from his residence in the South (say 25% in the North and a further 15% in the South).
- As Bob was classed as a non-industrial public servant working in the North, he got exemption from this dual taxation.
- Bob believes this tax regime has changed in recent years.
- Bob believes there is no real difference in taxation levels for people earning up to £22,000 in both jurisdictions but higher earners are subject to higher tax in the South.

2. Social Benefits

- Although Bob is not near reaching pension age, he is aware that pensioners get better allowances / benefits in the South including the rent paid on their phone, free bus service, and contribution towards home heating.

3. Training

- No NVQ system exists in the South. However, FAS run a similar system in the South. The main difference in the systems is that the FAS system requires the apprentice to have an employer to sponsor him to go to a FAS college. This is not necessary under the NVQ system in the North. As a result, he believes a number of young people from the South come up to the North to enrol in T&EA (DHFETE) courses as no sponsor is needed. The T&EA pay for the course and the trainees also get better allowances in the form of travel allowances etc.

4. Telecommunications

- Although the cost of phoning the North from across the border is expensive, Bob avoided this through a “special deal” with Telecom Eirean, which discounts all Northern calls.

#### **Concluding Comments**

Bob considers his fears over dual taxation as being the main barrier he has encountered. He regards expensive call charges as merely a “hassle”. Bob sought to address the taxation barrier by contacting relevant tax authorities in both jurisdictions. However, despite the barriers encountered, he would still have chosen to work in North and live in the South.

## **(A) INDIVIDUALS WHO LIVE IN THE SOUTH AND WORK IN THE NORTH**

### **(iv) Individual 4 - Lynne (Eastern Border)**

#### **Background**

Lynne lived in Newry until she married her partner from the South and decided to live there. She continued to work in the North, even though her place of residence is the South. Lynne currently works in the North within the employment services sector. She commutes cross-border everyday.

#### **Barriers encountered**

1. Taxation
  - As Lynne works in the North but lives in the South, she is unsure as to her entitlements with regard to the married couples allowance.
  - She believes there is difficulty getting taxation advice as accountants tend to specialise in either jurisdiction.
2. Pensions
  - As Lynne lives in the South, she does not know if she is eligible for a state pension in the North.
3. **Provision of Health Care/ Costs of Access**
  - As there are lots of different Health Boards, Lynne did not know where to go to find out if she is eligible for health care. She found out informally through a work colleague.
4. Access to Education for dependent children
  - Lynne's children are currently educated in the South which she believes is more expensive than the North, due to having to buy their books etc. Lynne is unsure if she is entitled to have her children educated in the North.
5. Postage
  - Postage is in her view, a lot slower in the South and is quite unreliable. Lynne will sometimes have items sent to her sister's address in the North, if the item is being sent from the North, as it will get there quicker.

#### **Concluding Comments**

Lynne regarded the major barriers encountered to be those in relation to lack of information about eligibility regards pensions, education and tax. The lack of official information plus an unwillingness to identify yourself e.g. in relation to tax, because of potential repercussions, makes information gathering difficult. In an attempt to address her concerns regarding taxation, Lynne talked to accountants but unfortunately found their expertise was limited to their own jurisdiction and did not take account of cross-border issues. Despite the barriers encountered, she would still have chosen to work in North and live in the South.

## **(A) INDIVIDUALS WHO LIVE IN THE SOUTH AND WORK IN THE NORTH**

### **(v) Individual 5 - Karen (Western Border)**

#### **Background**

Karen is a single parent who lives in Donegal but works in the North. As she was earning a low income as a cleaner, she was entitled to certain social security benefits.

#### **Barriers Encountered**

##### **1. Social Security**

- As Karen was earning a low income, she was also in receipt of Working Family Tax Credit (WFTC) from the NI Government and a single parent benefit from the Southern Government.
- In Feb 2000, the Social Welfare office in the South asked her to send in all her benefit books. They then issued her with a letter to say that they would be reducing her single parent benefit. The reason was that they were setting off the WFTC which she was receiving from the UK welfare office against her Single Parent Family Allowance from the South.
- She had previously applied for the Southern equivalent of WFTC called FIS and had been rejected because she was earning in the North and was told that this was where she should be claiming it.
- She perceived that the terms of the Single Parent Family Allowance in the South state that you are entitled to claim FIS as well.
- The individual appealed the decision by Letterkenny to reduce her lone parent benefit in this way. However, 15 months later there is still no decision.
- The drop in income resulted in the individual giving up her job in the North and getting one in the South so she could get FIS and receive her full lone parent benefit.

#### **Concluding Comments**

The social security implications of working cross-border were so great that Karen decided to give up her employment in the North and look for employment instead in the South. Karen contacted the relevant authorities in both jurisdictions. However, as she was dealing with two separate bodies, this lengthened the process. As well as the relevant authorities, Karen also contacted the Citizens' Advice Bureau. Karen felt there was a definite lack of information available for people in her position who were living in one jurisdiction but working in another.

## **(B) INDIVIDUALS WHO LIVE IN THE NORTH AND WORK IN THE SOUTH**

### **(i) Individual 1 - Liam (Eastern Border)**

#### **Background**

Liam lived and worked in the North up until 1969. In 1969 he took up employment in the South within the employment services sector but continued to live in the North. He commutes cross-border to work every day. His reason for pursuing a career in the South was that the job offered in the South was more desirable.

#### **Barriers Encountered**

1. Exchange Rate

- The fact that Liam gets paid in punts yet pays the majority of his bills in Sterling means that his income is effectively reduced by around 20% when translated into Sterling.

2. Banking

- Liam believes he needs to maintain bank accounts in both jurisdictions.
- His account in the North can transfer money in from his Southern account but his Southern account cannot transfer money in from his account in the North.

3. Taxation

- Between 1969 and 1973, according to the taxation laws, Liam was treated as a non-resident in the South and therefore paid tax in the North based on his gross income from the South.
- In 1974 the taxation rules changed. The outcome of this was that if you earn money in the South you pay your tax there (at source). So Liam paid his tax in the South. This was then offset against what tax he would have had to pay in the North if he had worked there. If he paid less tax under the Southern tax laws than under the Northern tax regime, he would be subject to a further tax bill to make up the difference. However, if he paid more tax in the South than in the North, he would not be entitled to a rebate.

4. Rates

- Liam is of the view that he would not have to pay rates if he lived in the South.

5. Housing / Mortgages

- Liam could not get a mortgage in the South for property in the North. As a result he was forced to borrow Sterling even though his earnings are in punts.
- Liam was not entitled to MIRAS relief on his earnings in the South as mortgage and property were in the North.

6. Training

- According to Liam, if a Northern individual wants to train with FAS he is treated as an EC applicant and gets the same treatment as a southern individual.
- If a Southern individual wants to train in the North, he needs a Northern address – Liam views this as discrimination, which encourages various responses.

## **Concluding Comments**

The most significant barrier encountered by Liam was the taxation implications of living and working in two jurisdictions. This was made even worse by the general lack of information about what an individual is entitled to as far as benefits/ social security/ pension / tax advantages etc. Mortgage arrangements and currency differentials were also barriers but were not considered as significant as the others. Banking was regarded by Liam as merely a “hassle” factor.

Liam attempted to tackle these barriers by contacting the relevant tax authorities in both jurisdictions. However, he feels there is a definite lack of information available to cross-border workers on practical issues such as tax / social security etc.

In terms of solutions, Liam considered a special cross-border facility should be established as an “info point” and the possible introduction of Euro mortgages would reduce the exchange rate exposure of having a Sterling mortgage yet salary in punts.

However, despite the barriers encountered, Liam would still have chosen to work in the South and live in the North.

## **(B) INDIVIDUALS WHO LIVE IN THE NORTH AND WORK IN THE SOUTH**

### **(ii) Individual 2 - Rory (Western Border)**

#### **Background**

Rory lives in the North but works in the South. He is employed in the pharmaceutical sector and commutes cross-border to work everyday. His decision to pursue a job in the South was to further his career opportunities.

#### **Barriers encountered**

##### 1. Recognition of Qualifications

- Critical to Rory's attainment of the job of Quality Manager, was that he had to be a 'Qualified Person' i.e. attain the eligibility, as designated by EEC Directive, to be named as a product licensee. Rory attained this qualification through the professional body but it was not recognised in the Southern jurisdiction by the Irish body due to the difference in the course. This was despite the same syllabi and standard of assessment. Rory undertook a two-year exercise to have his qualification recognised by the Irish body via his professional body, the European Commission and DHFETE. 'The Qualified Person' requirements are stated in Article 31 of Directive 81/851/EEC but the individual countries' implementation of the Directive has created blockages in relation to recognition. This is a practical example of the difficulties surrounding the law of mutual recognition and the blockages that can happen.

#### **Concluding Comments**

According to Rory, the issue around qualification recognition was a "hassle" more than an absolute barrier due mainly to the understanding and co-operation of his employer. His employers were able to facilitate the process.

In terms of support sought to address this barrier, Rory approached the professional body as well as seeking clarification from the Irish body, the European Union, DHFETE and the Dept of Health and Children. Overall, Rory would be of the opinion that the availability and quality of information to support cross-border/frontier workers and individuals seeking to move to live/ work/ study in the other jurisdiction was poor in relation to qualifications as it took two years to bring the issue to a conclusion. In terms of a solution to this barrier, Rory believes that qualifications directed from the European Union should be implemented effectively in relation to EU-wide recognition.

## **(C) STUDENT FROM THE NORTH STUDYING IN THE SOUTH**

### **(i) Individual 1 - Fergal**

#### **Background**

Fergal is a single student currently living in Dublin and studying at a college in Dublin. He was originally from Tyrone and returns there every six weeks or so for the weekend.

#### **Barriers Encountered**

1. Provision of health care
  - Fergal regarded this as quite important as it is free in the North.
2. Housing
  - Fergal regarded this as very important as accommodation is much more expensive in the South than in the North. This is an important factor for students trying to survive on grants. In the North you might pay up to £40 per week for rent, compared with £55-£70 or more in Dublin.
3. Education
  - Fergal believes that it is easier for students from the North to go to Great Britain to study than to go to the South. The main reason for this is that universities in Great Britain base applications on A-levels as opposed to the unfamiliar Leaving Cert requirements of the South.
  - Fergal believes that students from the North do not realise that if you study a course in university in the South which you also covered to A-level stage, much of the first year will have been covered, due to the more in-depth focus of A levels, compared to the broader approach of the Leaving Cert.
  - The allowances for students are better in the north but you can still avail of them if you go to live in the South. However, for some reason, they take longer to pay them if you are living in the South - so if you are likely to need them urgently, it could be an inhibiting factor for students.
4. Transport services
  - Difficult when trying to make visits home by train/bus.

#### **Concluding Comments**

According to Fergal, the cost of accommodation is the major barrier for students. This would also be an important factor in deciding whether to try to find work in the South, when university is completed. One idea for a solution that Fergal envisaged was a ceiling to be introduced as regards what landlords can charge students for rent. Recognition of A-levels versus Leaving Cert and the difference in the two systems are regarded by Fergal as “hassles” as opposed to absolute barriers. Despite these issues Fergal would still have made the decision to study in the South, as there was a particular course he wanted to take.

## **(D) INDIVIDUALS FROM THE SOUTH NOW LIVING IN THE NORTH**

### **(i) Individual 1 - Emma (Eastern Border)**

#### **Background**

Emma previously lived in the South but decided to move to the North due to a perception of a better standard of living. She currently lives in the North but works in the South within the employment services sector. She commutes cross-border to work every day.

#### **Barriers encountered**

1. Taxation
  - When Emma first moved to the North, she lost 50% of her wages in Emergency Tax, which was eventually repaid after 6 months. Emma would like to see a more harmonised approach to tax.
  - Emma was not able to get tax relief on mortgage until recently and originally had to get a Sterling mortgage.
2. Childcare
  - Emma originally had children in childcare in Newry but moved them to Dundalk for convenience. However she moved them back to Newry within 6 months due to the higher standard of service received in the North.
3. Recruitment/Selection
  - Emma believed that people from the South attending an interview in the North for a Northern position would find the more stringent “ fair employment” focus of the Northern selection process intimidating.

#### **Concluding Comments**

For Emma the most significant barrier was taxation and being in a temporary tax code for 6 months. Childcare was considered more of a hassle than a barrier. Emma felt the taxation issue was exacerbated by a lack of information. Emma had not sought support to address these barriers but was aware that there was a distinct lack of information available on cross-border issues such as taxation, benefits etc. A solution she suggested was a more harmonised approach to taxation. Despite the problems she encountered moving to the North, in retrospect she would still have made the decision to move.

## (D) INDIVIDUALS FROM THE SOUTH NOW LIVING IN THE NORTH

### (ii) Individual 2 - Philip (Belfast)

#### Background

Philip and his family lived in Dublin before making a permanent move to the North. The rationale for making the move was to further his career by taking on a better job opportunity offered to him in the North.

#### Barriers encountered

1. Social Security/ Benefits
  - On moving to the North, Philip's wife left her job and claimed social security benefit in the North. His wife experienced difficulty in relation to the processing of social security payments. It took a number of months for this to be processed between Dublin and Belfast. The situation was only rectified quickly when Philip made a personal telephone call to a senior government contact.
2. Education
  - Philip and his wife experienced difficulty in relation to the fact their child was at 11+ stage when they moved to the North. Primary education in the South finishes when the child is 12, so consequently Philip's child was behind the Northern children in the curriculum. Philip's child had to undertake an assessment test by the local Education Board to provide an 11+ benchmark, but this involved expense for Philip in employing a tutor to coach his child in the differences in the curricula.
3. Housing
  - Philip and his wife were concerned that there was no objective source for advice on areas in which to purchase houses. This was particularly pertinent as Philip and his wife had never visited the North before for any length of time and had preconceptions of the 'Troubles'.
4. Banking services
  - Philip and his wife had difficulty in obtaining a mortgage because all the banks, including the Northern branch of Philip's Dublin bank, said that he had to live and work in the North for 6 months. This was despite Philip having a job in the North and having a banking record in the South. He eventually got a mortgage arranged through a specialist at an accountancy company.

#### Concluding Comments

Philip and his wife both viewed these issues more as hassles than actual barriers. Both felt that the availability and quality of information to support individuals seeking to move to live and work in the other jurisdiction were very poor. They did not seek advice from statutory agencies, CAB/CIC or cross-border support networks. A possible solution recommended by Philip was the establishment of some form of housing body for independent advice. Despite the costs created by these obstacles, such as tutoring costs, and the other barriers encountered, Philip and his wife would still have made the decision to move.

## **(D) INDIVIDUALS FROM THE SOUTH NOW LIVING IN THE NORTH**

### **(iii) Individual 3 - Andrew (Belfast)**

#### **Background**

Andrew was originally from the South where he worked in the public sector between 1990 and 1994. He then moved to England for 5 years where he worked as an academic employee. In 1999 he moved to Northern Ireland to take up a post as an academic employee where he has remained to date.

#### **Barriers encountered**

##### 1. Pensions

- Andrew worked for the Public Service in the South for 5 years where he was a member of the pension scheme. He later joined the Universities Superannuation Scheme (USS) when he worked for the UK Public Service. However, he was unable to transfer his five years service/funding from the South scheme into the North scheme.
- According to Andrew, the USS scheme allows people to move from the Civil Service to a teaching profession but there is no transferability between jurisdictions, even though the Scheme rules and regulations appear similar.
- This could present a major barrier to mobility in later life if Andrew wanted to move back to the South before retirement.

##### 2. Healthcare

- Andrew had considered obtaining private healthcare but discovered that BUPA, although they operate schemes in the North and South, have no transferability between the 2 jurisdictions.
- So if Andrew was to move South he would lose the benefits of his previous premiums paid in the North. He would be treated in the South as a new applicant.

##### 3. Housing

- High housing costs in the South would be a barrier to returning South to work.

##### 4. Telecommunications

- Phone charges are too high if phoning North/South
- Andrew considers it a nuisance that you have to use an international code to phone South.
- Freephone numbers cannot be used in other jurisdictions

##### 5. Banking Services

- Andrew has a bank account in both jurisdictions
- He believes you should be able to have both a Sterling and punt account so that if you are in the North and intend to travel South you can use your PIN card to withdraw punts before you travel South.
- At the moment the foreign exchange charges are too high.
- Uses electronic banking but cannot find out in one call the details of his accounts in the North and South even though it is the same Bank – has to make 2 separate calls.

6. Transport Services
  - Not sufficiently integrated
  - No late trains to/from Dublin
  - If individual wanted to travel from Belfast to Cork, Belfast station could only give him details to Dublin. You would then have to make an “international” call to Dublin to find out the connecting times of trains to Cork.
  - Difference in fares – single journey from Belfast – Cork is more expensive than from Cork-Belfast.
7. Postage
  - Very slow; faster to get things sent from Great Britain than from the South.
8. Employment Law
  - Andrew favours the employment legislation in force in the North. He believes the fair employment / equality legislation creates a fairer selection and recruitment process than is in place in the South.

### **Concluding Comments**

For Andrew, the most significant barriers have been the non-transferability of pensions and the political situation. If the Good Friday Agreement fails Andrew would consider moving to the South again. Andrew considers the lack of integrated transport facilities and expensive banking / phone charges as hassles as opposed to barriers.

In terms of seeking support to address these issues, Andrew contacted his bank to see if it would be possible to have a punt account in the North which would allow him to withdraw punts from a cash machine in the North. He also spoke to pension funds in the North and South to determine transferability.

In terms of suggesting solutions, Andrew believes that banks should be lobbied to create dual currency accounts and due to the mobility of university academic staff, special pension arrangements should be in place to facilitate movement. To better integrate the two rail services, Northern rail services should provide timetables for connecting services in the South.

## **(E) INDIVIDUALS FROM THE NORTH NOW LIVING IN THE SOUTH**

### **(i) Individual 1 - Jean (Dublin)**

#### **Background**

Jean works in the medical services in Dublin. She is a separated parent with one son.

She moved from the North to work in the South 30 years ago because of the political situation at the time.

#### **Barriers Encountered**

1. Recognition of Qualifications
  - Moving from the North to the South gave an advantage to Jean who had better training in her field than was available in the South. Presumably, therefore, there would have been a comparable barrier for any movement in the other direction.
2. Housing/Pension
  - The high cost of housing, particularly in Dublin, would be a significant barrier to anyone wishing to settle in the South. However, this will probably be a factor in the interviewee retiring to the North - the sale value of a house in Dublin could provide the means to purchase an apartment and supplement pension needs.
3. Transport Services
  - This was a potential barrier when Jean first came to Dublin due to the hassle of poor public transport for home visits to Derry.

#### **Concluding Comments**

According to Jean, housing would probably be the major barrier if the move was being made now. At the time, as a young person, there were no insurmountable barriers.

Jean is of the perception that there is plenty of information and support for cross-border mobility if one wanted to seek it out.

According to Jean a major solution would be for Britain to “subscribe” fully to the EU, as a result everything else would open up and the sense of ‘difference’ between the two parts of the country would be less obvious.

Despite the issues mentioned, Jean would still have made the move South. The deciding factor for her was and is “the Troubles”.

## **(E) INDIVIDUALS FROM THE NORTH NOW LIVING IN THE SOUTH**

### **(ii) Individual 2 - Sarah (Dublin)**

#### **Background**

Sarah works in the academic profession. She worked in a university in the North before moving to the South to a university. She has since returned to the North. While living in the South, Sarah maintained links with the North through a Northern bank account and membership of various Northern Associations.

#### **Barriers Encountered**

1. Banking

- Sarah encountered numerous problems trying to pay for things in the North while she was living in the South. She had previously used the EuroCheque facility but this service was withdrawn. Sarah basically wanted to pay Sterling bills out of her account in the South and incurred significant bank charges in doing so.
- Sarah also wanted to be able to withdraw Sterling from her Southern account on request from an ATM, to enable her to pay for things if she had to go across the border into the North.

2. Transport

- Sarah did not feel that the train services between Belfast/Dublin were regular enough. She felt that a later train at night would be a good idea.

#### **Concluding Comments**

Sarah would consider these obstacles as “hassles” rather than absolute barriers.

## **(F) UNEMPLOYED INDIVIDUALS JOB-SEEKING IN EITHER JURISDICTION**

### **(i) Individual 1 - Anna (Eastern Border)**

#### **Background**

Anna lives in the North, has never worked in the South to date but is job-seeking in both jurisdictions.

#### **Perceived Barriers to Mobility**

##### **1. Taxation**

- Anna was concerned that she might not be able to access NHS services in the North if she worked in the South, as she would not be paying National Insurance in the North.

##### **2. Travel**

- Anna would have to rely on public transport if she were to pursue an offer of employment in the South and she was not aware about the availability of transport services between the two jurisdictions.

##### **3. Fear of Unknown**

- Anna has the perception that the South is a “totally different country” across the border where she has no family or friends.

##### **4. Housing**

- Anna believes housing is more expensive in the South.

#### **Concluding Comments**

Anna believes that information setting out the practical issues / information of working cross-border is needed so people can make an informed choice when deciding whether or not to pursue a job offer in another location.

## **(F) UNEMPLOYED INDIVIDUALS JOB-SEEKING IN EITHER JURISDICTION**

### **(ii) Individual 2 - James (Eastern Border)**

#### **Background**

James lives in the North, has never worked in the South to date, but is job-seeking in both jurisdictions.

#### **Perceived Barriers to Mobility**

1. Exchange Rate
  - James felt that a salary offered in the South would have to be high enough to allow for the difference in exchange rates.
2. Job Insecurity
  - James had the view that the Celtic Tiger economy may go bust. His concern was what happens then. Can an individual claim benefits in the South if he loses his job there? Is he entitled to redundancy?
3. Perception of South
  - James is more aware of how the labour market is operated in the North and what his entitlements are. He feels that he is ignorant of the implications of choosing to work in the South.

#### **Concluding Comments**

James felt that if the T&EA and FAS were to work closer together, job centres in cross-border areas could provide a leaflet on the implications of working in the North/South.

## **(F) UNEMPLOYED INDIVIDUALS JOB-SEEKING IN EITHER JURISDICTION**

### **(iii) Individual 3 Sean - (Western Border)**

#### **Background**

Sean is unemployed and living in the North. He is single and lives with his parents. He has worked in the South before where he commuted weekly to train as an electrician but he has now returned to the North. Sean's main rationale for going to the South to train was the fact that the company offering training in the South was owned by a family friend.

#### **Perceived Barriers To Mobility**

1. Taxation
  - Sean considers this would be a major barrier along with the exchange rate fluctuations
2. Social Security
  - Sean would be concerned that if he worked in the South and was made redundant there, he would be unable get social security benefit when he returned to the North.
3. Housing
  - If Sean were to get a job in the South, the salary would have to be high enough to compensate for the higher housing costs in the South.
4. Transport Services
  - Sean considers the cross-border infrastructure as very poor. When he was commuting to the South his only means of getting there was via a very prolonged and detoured journey.

#### **Concluding Comments**

Sean considers the financial issues the most important. The job in the South would have to be high paying if accommodation etc was to be paid. Transport services would be more of a "hassle" than an actual barrier.

## **(F) UNEMPLOYED INDIVIDUALS JOB-SEEKING IN EITHER JURISDICTION**

### **(iv) Individual 4 - Chris (Western Border)**

#### **Background**

Chris is unemployed and currently on New Deal. He is married with children and lives in the North. Chris has lived temporarily in the South but was unable to get any employment there and so decided to return North. He is currently job-seeking in either jurisdiction.

#### **Barriers Encountered**

1. Taxation
  - Chris considers taxation to be higher in the South. Any job offered to him would need to have a higher salary than the Northern equivalent to make him consider it.
2. Education
  - Chris considered this would be a barrier to living in the South as the schooling system places a greater financial burden on parents e.g. purchase of school equipment.
3. Telecommunications
  - Chris felt that postage and telephone calls to family in the North when living in South were high.
4. Transport Services
  - Transport services could be a barrier in that Chris would need to rely on public transport and he has doubts about the availability of cross-border services.

#### **Concluding Comments**

According to Chris, taxation and other financial factors would be the major barrier to living and/ or working in the South. Chris previously moved back to the North from the South for financial reasons and these financial considerations will dictate his future mobility.

## **(G) INDIVIDUAL FROM THE NORTH WHO RETIRED TO THE SOUTH**

### **(i) Individual 1 - Trevor**

#### **Background**

Individual had lived and worked in the North for 47 years before retiring to the South.

#### **Barrier Encountered**

##### 1. Healthcare Costs

- While living in the North he had been under a consultant's care and was due to have minor surgery while still living in the North but had to cancel it. Trevor moved to the South but continued to receive treatment from his doctor in the North.
- An appointment for hospital treatment came up again in the North and this time he attended. He was then sent a demand for payment of £1000 on the grounds that he was no longer a resident of the North.
- The results of the operation indicated that he needed a bypass.
- As he had no income generated in the South he was entitled to a medical card in the South entitling him to free hospital treatment in the South.
- There is a procedure available under EU legislation for referring people to another Member State for treatment. The decision to refer is discretionary to the local Health Board. He applied to the Health Board in the South for financial assistance to have his treatment in Belfast, so his wife could stay with friends/avoid transferring all his records to Dublin etc. Whilst waiting for a response an appointment came through for him from a Belfast Hospital. Trevor took it as his condition was deteriorating. The procedure cost some £10K in sterling and the Health Board agreed to pay a contribution with Trevor having to pay the difference himself.
- Had he availed of his medical card benefit in the South and gone to Dublin for surgery, the Board would have paid all his costs and also having had the operation earlier saved the Board additional costs in visits/medication etc.

#### **Concluding Comments**

When Trevor sold his home in the North he did not realise that he would lose his automatic entitlement to treatment benefits in the North. As well as contacting the relevant health authorities, Trevor also contacted the Citizen Advice Bureau who informed him that there had been recent decisions in the European Court of Justice to support an argument that Trevor is entitled to receive medical services in any Member State of the EU, under the same conditions as his state of residence.

## (H) FOCUS GROUPS

### (i) Focus Group 1

#### Background

The focus group was held at Fermanagh Training Centre. None of the group had ever worked in the South. The group was made up fifteen 18-25 year olds who were currently unemployed and involved in some form of training.

#### Perceived Barriers To Mobility

1. Exchange Rate
  - This is viewed as biggest obstacle and most considered that the salary offered in the South would have to be a lot higher than the Northern equivalent to compensate for the exchange difference.
2. Travel/Transport
  - Most would need to rely on public transport
  - Would consider travelling 20 miles to work but no further.
  - Would need to consider the travel costs in line with the salary offered.
3. Education/Qualifications
  - Do not regard the recognition of their qualifications as an issue
  - Most were aware of the Irish Language qualification previously being necessary and believe that it is unfair to expect Northern people to have this qualification.
  - Most would contact the T&EA to see if their qualifications were comparable.
4. Housing
  - Housing considered better in the North and not as expensive as in the South.
5. Access to Benefits
  - Most were unsure what they would be entitled to if they lived/ worked in the South.
6. Taxation
  - None of the group were aware of any taxation differences
7. Vehicle Importation
  - Considered cheaper to buy a car in the South due to the exchange rate.
  - To deal with the issue of importation they would re-register the car.
8. Childcare
  - The Group had the perception that this was better in the North

#### Concluding Comments

The main perceived barrier to pursuing a job in the South was the exchange difference and the distance involved in getting to the job. In terms of accessing information on the implications of pursuing a job in the South, most stated that they would go to the T&EA or Citizen Advice Bureau for assistance.

## (H) FOCUS GROUPS

### (ii) Focus Group 2

#### Background

- This focus group took place in May 2001 in Carrickmacross. 13 people attended whose ages ranged from 26 to 55. The majority of the attendees lived in Carrickmacross.
- The interviewees were a group of people on a “Back to your Future” programme sponsored by the local Vocational Educational Committee. The aim of the programme is to encourage and facilitate the group into full or part time education or training.

#### Perceived Barriers to Mobility

##### 1. Employment

- None of the group had actually ever worked in the North. They did not appear to be averse to the principle but as they were all either on benefit or tax credits they felt that the extra expense of travel either by car or public transport would be a disincentive. They were unaware that they could source information about employment opportunities in the North from FAS but were aware that FAS operate a clinic in their area on a weekly basis, knowing where and when it was held.

##### 2. Training

- Only one person had experience of training in the North and informed the group that after one week the funding ceased to be available for the programme so it ended. He was very disappointed with this situation and felt somewhat “let down”.

##### 3. Childcare

- The area of Childcare was a major consideration for this group and the discussion around many topics brought us back to the availability of this service. It was felt that in the North there was more attention paid to this area and the group felt somewhat at a disadvantage because this facility was not afforded to them. When they investigated the possibility of attending full/part time education or training they felt the local Partnerships were more flexible around providing funding for childminding than state sponsored bodies. This led them to believe that local bodies were more in tune with “life in the real world”.

##### 4. Transport Services

- The group discussed their location (8 miles from the border) and whether or not this was an advantage in their own particular search for education. It was felt that FAS provided the type of training they were interested in and as they provided transport on a daily basis to their Centre in Dundalk this was a feasible option for the group. They would also be interested in and had investigated Newry College of Further Education for some programmes but again felt disadvantaged by the lack of co-ordinated public transport. Distance learning was investigated and found by the group to be much too expensive to be a realistic option for them.

##### 5. Taxation

- **In relation to tax systems in the North, they were not aware of tax rates in the North or where to obtain National Insurance Numbers if they were to require one. Most felt that the Advice Centres in Dundalk and Carrickmacross would be able to point them in the right direction.**

##### 6. Banking

- The discussion centred on the necessity to change money to carry out any activity in the North. It was felt that the Bureau Exchange was the best place to change money, as they tended not to charge commission. Most felt that the banks were expensive. The group begrudged having to lose out on

the exchange of money but accepted that if they required the use of any services in the North this was unavoidable.

- The instance of paying for swimming lessons for children was used to illustrate the point. These were not available any closer than Newry Swimming Pool and therefore parents felt obliged to avail of the location and carry the extra cost of Sterling.

7. Healthcare

- **A long discussion took place around this area. It was strongly felt that much better services were provided in the North at little or no cost. The group relayed examples to each other of the costs involved in the welfare of sick children and made comparisons between the system in the North and the South. It was emphasised by many of the group that the benefits available to children in relation to medical and dental benefits in the North far exceeded any benefits available in the South. It was felt that the authorities in the North cared more about the welfare of children than their counterparts in the South.**

8. Education

- This was the area the group showed most interest in. They felt that there was little or no need to access programmes in the North as the type of courses they were interested in were available in the general locality. They felt that qualifications were generally recognised both sides of the border. Again childcare issues were raised here with evening course attendance being the only option available to some people anxious to return to work or education.

9. The Political Situation

- The group felt that driving a car with a Southern registration certainly made a difference in the North. They were uncomfortable being stopped and questioned by Security Forces in the North and stated that at certain times of the year they would not venture in to the North. They felt it was important to avoid particular areas altogether especially during the period around the 12<sup>th</sup> July. One individual relayed the story of a partner who had worked in the North and experienced some good-natured sectarian banter on an on-going basis only to find his lorry burned out by a group from the “other persuasion” one evening.

## Concluding Comments

The Focus Group were of the perception that health and childcare services were much better in the North than in the South. However, the political situation was considered a major barrier to pursuing a job offer in the North.

## **(H) FOCUS GROUPS**

### **(III) Focus Group 3**

#### **Background**

- This focus group was held in May 2001 at Clones, Co Monaghan. Seven people attended with six being from the South and one from the North. The group's ages ranged from 36 to 55.
- The interviewees were a group of people on FAS sponsored training and included a number of "special needs" clients. They were mostly from the general area and all were aware of the "other" jurisdiction.
- Only one member of the group had actually worked in the North while living in the South and described her experience as enjoyable.

#### **Barriers Encountered**

##### 1. Transport

- Transport was a problem for the person from the South who went to work in the North, so a group of the women working in the factory hired a taxi to transport them in/out on a daily basis.

##### 2. Political Situation

- The person who had worked in the North expressed the view that the salary was good and the terms and conditions were also good. However, she mentioned that she and others had been "harassed" in the lead up to Good Friday and had been given a "hard time" coming up to the 12<sup>th</sup> of July. Overall she felt that the experience had been a good one and the punt/pound differential certainly made it worthwhile.
- Another individual experienced similar bigotry due to her Southern registration plates during a shopping trip to Belfast. She was so unnerved by the incident that she has only travelled to the North by public transport since.
- An individual experienced similar bigotry when his lorry broke down travelling from the South up to Derry. Despite being quite shaken and nervous by the comments made by certain individuals in the area, he went to the RUC station and found the police to be most helpful. They called a mechanic for him and offered to allow him remain there until assistance arrived from Monaghan.
- Other topics that arose in the discussion included the belief that Southern cars were singled out for scrutiny at checkpoints and that unnecessary delays were imposed on them. The interesting aspect to this end of the discussion was that without exception, the whole group felt they would be more comfortable travelling and working in the North now than ever before.

##### 3. Employment

- Most were unaware that they could source information about employment opportunities in the North from the FAS office but felt they could request any information required from their FAS Development Officer with whom they appeared to be very comfortable.

##### 4. Taxation/Social Security

- With reference to obtaining information about National Insurance Number or Taxation/Social Security issues they felt that the "Southern tax people would sort it out" with the Northern authorities.

5. Healthcare

- One participant in particular talked about the availability and expense of medical services in the South. She had lived and worked in both the UK and Northern Ireland. She stated that the level of service was superior in the North and the cost was “exorbitant” in the South. A general discussion ensued about the differences in Child Benefit, Dentistry and Specialist Medical Services on both sides, with the South appearing to lose out in terms of cost and speed/level of service.

6. Education

- The group felt the current situation of paying for school books/lunches etc prohibited Southern children from maximising their potential. However, when they reached a certain level they could complete their education in the North.
- This was the view of the group generally with one member stating that she had completed her education this way. She had travelled to Belfast on a weekly basis to obtain certification level in social studies. She had difficulty in having some of her qualifications recognised in the South.

7. Training/ Recognition of Qualifications

- The husband of one of the interviewees has recently taken up employment in the South and had to complete a course in Cavan to update his skills and knowledge of relevant legislation before being able to practise in the county. He also needed to indemnify his employer on his car insurance which was an added cost. He had felt that the amount of “red tape” and paperwork involved before he could actually take up the job offer were excessive and off-putting.

8. Banking

- A very interesting situation came up where an individual from the South and employed in the South had applied for a mortgage with her husband (who is from the North) for a house in the North. She informed us that she had to sign “over” her entitlement to any claim on the house in the event of a marriage separation or repossession by the mortgage company. She was very angry about this situation but was apparently assured that “there was no way round it” - either she signed or they did not get the mortgage. She told us that she was actually termed “alien” for the purposes of the contract.

## Concluding Comments

The Focus Group was of the perception that health and education services were more expensive in the South.

The Group experienced problems in the form of non-recognition of qualifications and banking.

The political situation was considered a major barrier to pursuing a job offer in the North.

# **Appendix E**

## **Working Papers**

## Contents

	<b>Page</b>
<b>EI EDUCATION &amp; TRAINING</b>	<b>E-3</b>
I Introduction	E-4
II Background and context	E-5
III North/South Differentials	E-7
IV Conclusion	E-11
<b>EII EMPLOYMENT LAW &amp; RECRUITMENT PRACTICES</b>	<b>E-12</b>
I Introduction	E-13
II Background and context	E-14
III North/South Differentials	E-15
IV Conclusions	E-25
<b>EIII TAXATION &amp; SOCIAL SECURITY</b>	<b>E-26</b>
I Introduction	E-27
II Background and context	E-28
III North/South Taxation Differentials	E-29
IV North/South Social Security Differentials	E-30
V Subcontractor Taxation Differentials	E-33
Annex	E-35

**EI – Education and Training**

**Working Paper**

## **I Introduction**

- 1.1 This paper is concerned with the study of obstacles in relation to Education and Training that exist to prevent mobility between the two jurisdictions within the island Ireland and the provision of potential solutions to the obstacles.
- 1.2 The purpose of this Expert Working Paper is to set out in summary form matters of particular relevance in respect of education and training that have arisen as a result of information obtained regarding obstacles to cross-border labour mobility. This working paper should not be used for any other purpose.

## II Background and context

### Background

#### Local and European Union Overview

- 2.1 Mobility between the North and South of Ireland has historically been among the highest of any population movement within Western Europe.
- 2.2 Compared with other EU Member States, the possibilities for and realities of cross-border mobility have been relatively high and education and training were important factors in this process. In higher education in particular, cross-border mobility has been substantial. Movement between Ireland and the UK accounted for one of the larger elements in the EU's short term mobility programme for higher education, ERASMUS. For most of the 1990s Irish undergraduates also formed the largest single group of Europeans registered as full time students in UK higher education; of these, one third were studying in Northern Ireland institutions<sup>1</sup>(Field 1998, 91). The Open University's success in recruiting in the Southern jurisdiction is well known.
- 2.3 It is important, therefore, to place the barriers to mobility in a context of historically high levels of movement between the two jurisdictions. Many of the barriers that are significant elsewhere in the EU do not exist in respect of the Northern and Southern jurisdictions in Ireland, not least because of the common histories of the education and training systems up to the 1920s. Generally, Irish academic but not necessarily vocational qualifications<sup>2</sup> have a high level of recognition in the UK higher education sector and amongst certain employers, above all in the Northern jurisdiction. Similarly, UK academic qualifications have a high level of recognition in the Republic. However, again, vocational qualifications are not as widely recognised by employers.
- 2.4 In education, the EU's influence has probably been greatest in higher education. Ireland and the UK have both been prominent players not only in the major student mobility programmes such as ERASMUS, but also in the Commission's research programmes, and this has tended to bring individuals from higher education institutions into regular contact with one another.
- 2.5 While there have been no in-depth studies of the impact of these schemes on higher education within the island of Ireland, external evaluation has found that the EU mobility programmes are generally generating higher levels of mutual awareness and trust across the different national sectors (Teichler 1996<sup>3</sup>). Flows of students have fluctuated; for much of the 1990s, there was a significant net flow from the South to the UK, much of it to the North; with recent changes in student finance in both jurisdictions, this pattern has altered.
- 2.6 Finally, there has been some cross-border co-operation between schools and teachers within the Special Support Programme for Peace and Reconciliation in Northern Ireland and the Border Counties and other schemes (although anecdotal evidence suggests that a significant proportion of eligible schools do not participate at present in such initiatives).
- 2.7 The Commission has had considerable influence in tackling issues that influence mobility within Europe. Above all, the following have been particularly significant:
- The European Commission's ability to fund vocational training through the Structural Funds has ensured that some publicly funded training programmes share common features across the EU;
  - The Commission has commissioned studies of the comparability of vocational qualifications, enabling the mapping of occupational standards;
  - The European Court of Justice has generally upheld complaints from professionals and skilled workers whose qualifications appear not to have been recognised, discouraging employers and member states from insisting on further (re)training;
  - The EURES employment service has created a group of specialists within the public agencies in both jurisdictions who are aware of career opportunities and requirements in other countries than their own;
  - The Special Support Programme for Peace and Reconciliation in Northern Ireland and the Border

Counties has generated a high level of cross-border co-operation involving teachers, trainers, institutions and the public authorities.

- 2.8 Much has happened in recent years, then, to reduce the barriers to mobility within Europe, and this has had a marked impact on the prospects for mobility between the two jurisdictions in Ireland. However, this is far from suggesting that there are no barriers whatever to mobility arising from the separate education and training systems of the two jurisdictions.

### **EU legislation – recent developments**

- 2.9 Despite the existence of legislation on the recognition of qualifications, and a number of incentive schemes promoting mobility, the actual outcomes within the EU have been generally viewed as disappointing. David Marsden's conclusion in 1993 in respect of the market for skilled labour was that "The forces of convergence are strong, but so is the capacity of national systems to adapt to external pressures and yet retain certain distinctive features" (Marsden 1993, 4).
- 2.10 Subsequently, the European Commission has taken further action to clarify and strengthen the existing law. Directive 1999/42/EC of the European Parliament and of the Council of 7 June 1999 established a mechanism for the application of existing directives on the recognition of qualifications in respect of self-employment and also extended the reach of the existing mutual recognition directives to encompass qualifications gained after short periods of post-secondary training, and made it compulsory for the authorities of the host Member State to recognise educational qualifications without persons with the required skills having to provide evidence of professional experience.
- 2.11 However although Directive 1999/42 has now come into effect, we understand that no member state including Ireland and the UK, has transposed it into national law. The Directive applies to certain occupations and self-employment categories which are regulated by law. It would therefore appear that neither the UK nor Ireland have such occupations/self employments that are regulated by law.
- 2.12 Earlier Directives (89/48/EEC and 92/51/EEC) relating to professional qualifications obtained after periods of post secondary education have been transposed into Irish law and cover approximately 40 professions. A number of these professions refer to teachers from primary to third level. A case in the European Court of Justice (the Groener case) established the State's right to require teachers to demonstrate a competence in the Irish language even where it was not the medium of instruction. While the Court's intention was to allow the member state to protect its national culture, the unintended consequence of this judgement was to impose a de facto barrier on mobility (McMahon 1990<sup>5</sup>). The Department of Education and Science (DES) has recently relaxed this requirement in respect of second level teachers - a development that should contribute to increased mobility in this profession.

### III North /South Differentials

- 3.1 The European Commission has itself noted a number of barriers to cross-border recognition of skills and knowledge. First, it has noted that many training activities do not lead to any official recognition or certification. Second, it believes that in certain cases, students encounter real difficulties in either taking exams in the host country, or having them recognised in their own country, or presenting them in their country of origin when they return. Sometimes it is not just difficult but impossible. As a result, the Commission notes that some students may even find themselves having to repeat some or all of the training just completed.
- 3.2 Moreover, the education and training system is itself become more complex. Partly this is a result of the rising importance of lifelong learning, which is now a government priority in both jurisdictions of Ireland but has already become a reality in many firms. Partly it results from the growing use of distributed forms of learning, such as the online services available through bodies such as the Ufl. Increasing attention to skills and knowledge acquired in distributed settings, or even informally within the workplace itself, is a vital means of ensuring labour flexibility and adaptability. However, it is well known that measuring and comparing the skills and knowledge that have been acquired in such settings is extremely difficult. They are therefore often not readily transferable (Field and Spence 2000<sup>6</sup>).
- 3.3 In relation to identifying barriers and blockages to mobility it is useful to detail the educational and training infrastructure within the two jurisdictions and to identify the similarities and differences.

#### Primary Education

- 3.4 Within the Southern jurisdiction compulsory primary education begins at age 6. However 65% of 4 year olds and most 5 year olds are already enrolled in primary schools. The primary cycle concludes at age 12. Within the Northern jurisdiction compulsory primary education begins at 4 and concludes at 11. One initial pertinent detail is the greater subsidy provided within the Northern jurisdiction to parents in relation to school resources compared to the Southern, which anecdotally, for lower income parents within the North, was described as a barrier to availing of Southern education.
- 3.5 To illustrate a barrier that the non-synchronisation of the primary systems can cause, consider the case of the permanent relocation of a Solicitor from Dublin to Belfast. His son was 11 and was faced with the 11 plus transfer system within the Northern jurisdiction. However, he still had one year to complete on the Southern primary curriculum. The son had to undertake an evaluation test by the Department of Education, which forced the Solicitor to pay for expensive private tutoring of his son to cover the differences in the curriculum. This was followed by extensive personal negotiation with the Headmaster of the local grammar school in relation to admission. Anecdotal evidence suggests there appears to be little difficulty transferring jurisdiction when primary education is completed, with some border families having children in secondary education in both jurisdictions but transferring before can be a barrier in relation to curricula and also the 11 plus transfer system.

#### Secondary Education

- 3.6 Secondary education within the Southern jurisdiction starts with a junior cycle lasting 3 years, concluding with the award of the Junior Certificate at age 15. The core subjects are Irish, English, mathematics, a science or technological subject and, additionally, three other subjects. Within the Northern jurisdiction Irish is not on the curriculum of state schools at either primary or secondary level. Anecdotal evidence suggests that undertaking Irish within the Junior Cycle may be a barrier to mobility to some sections of the Northern jurisdiction.
- 3.7 The senior aspect of the Southern Cycle is the Leaving Certificate that lasts 2 years. Subjects are available at either the higher or ordinary levels. Normally students study between six and nine subjects, in addition to physical education and religious education. The Northern equivalent to ordinary level Leaving Certificate are GCSEs that are taken at 16, with core subjects including English, Mathematics and Science. Normally 6-10 GCSEs are undertaken.
- 3.8 There is no body within either jurisdiction that will officially quantify how the ordinary level Leaving Certificate and GCSEs map across against each other. A body such as the Northern Ireland Council for Curriculum, Examination and Assessment will only provide guidance, which cannot be deemed official.

Custom and practice dictates that an A-C in the ordinary level Leaving Certificate is the equivalent to an A-C in GCSE English etc and this is widely recognised in both jurisdictions. However, anecdotal evidence suggests that employers within both jurisdictions, when the mapping against process becomes more convoluted are more likely to employ someone whose qualifications they recognise.

### **Vocational Training / Qualifications**

- 3.9 Another issue of relevance concerning North/South mobility relates to vocational training. Both jurisdictions have traineeships and apprenticeships but accreditation and recognition issues can create obstacles to mobility.
- 3.10 In the North, the traineeships last up to two years and result in an outcome of National Vocational Qualification (NVQ) Level 2. The students participate full time, and the traineeship incorporates a work placement element and off the job training at an FE college. The students receive a training allowance as they are not yet in employment. A similar traineeship system exists in the South linked to off the job training at Regional Technical Colleges and this has traditionally resulted in qualifications that are broadly equivalent to City & Guilds Qualifications in the North.
- 3.11 There is access for individuals from the North to traineeships in the South and vice versa. It was the case previously that an accommodation address in the jurisdiction was a requirement for access to training in the other jurisdiction. This requirement has now been removed as a result of consultation between DEL and FAS. Consultation with FAS, DEL and EURES advisors in the border regions during the course of this study suggested that the removal of the accommodation address requirement had resulted in an increase of individuals from the Southern border counties commuting to access training in the North. The issues that exist and which have the potential to impact on mobility are related to the training allowances. All allowances are linked through EU law to residency, so a trainee from the South accessing a traineeship in the North will not be entitled to the relevant maintenance allowances and vice versa. In border regions if a trainee in the North cannot find a suitable work placement in the North, they can be placed with an employer over the border in the South and continue to access their off the job training and training allowance in the North.
- 3.12 The apprenticeship systems in both jurisdictions are employer-linked and standards-based (i.e. not based on time served). The support for the employee<sup>7</sup> undertaking the apprenticeship is linked to the location of the employer i.e. there are no training allowances. The Modern Apprenticeship system in the North leads to the attainment of an NVQ and the Apprenticeship system in the South leads to the attainment of a National Craft Qualification. In effect, the location of the employer drives the funding, process and outcome of the apprenticeship. A young person from Dundalk but employed in Newry would receive an NVQ as the outcome and similarly a young person from Newry but employed in Dundalk would receive a National Craft Qualification as the outcome.
- 3.13 There is a route for accreditation of prior learning to facilitate the transfer of an individual between the two systems, before the apprenticeship is completed, but it is both cumbersome and complex, and may be an obstacle to mobility. This was illustrated by a company included as a case study operating in the construction sector on both sides of the border. This company reported difficulties relating to part qualified candidates on the apprenticeship system in the South who moved to the Northern site to work and who were unable to slot into the NVQ system part-way through. In theory this should be possible in that there is a process for accreditation of prior learning, but the process is both bureaucratic and complex. It is possible that this company was either not aware of the process for prior accreditation or that it was too difficult a process to pursue.
- 3.14 In terms of awarding bodies for vocational training there are structural differences between North and South. In the North there are over 70 awarding bodies for NVQs in the North and a much more centralised system in the South with only one or two awarding bodies for the respective qualifications. The recently established National Qualification Authority of Ireland (NQAI), whose remit is to liaise with international bodies to facilitate the recognition of qualifications, is well placed to address cross-border issues, with a view to improving mobility.
- 3.15 In addition to the issue of access to the training elements of the vocational systems North and South, it is important to focus on the mutual recognition issues with employers. The mutual recognition of NVQs from the North and the respective Southern qualifications is becoming an issue in the context of North/South

labour mobility. In addition it was highlighted by one consultee that there is a lack of official information on the subject. This is well illustrated by the visit of the Bricklayers Union from Dublin to Newry College of Further and Higher Education to gain clarification on construction NVQs. This was prompted by the number of young recently Northern qualified apprentices working on Dublin building sites.

- 3.16 There has been recent progress in mutual recognition in areas where particular demand and interest (e.g. plumbing, electrical, toolmaking qualifications) stimulated co-operation (involving unions, employers, DEL/FAS and curriculum bodies) to achieve recognition. It is fundamental to recognise in this context that there is an East-West as well as a North/South dimension. For GNVQs the CCEA in Northern Ireland has control, but for NVQs the Qualifications Curriculum Authority in the UK is the key body. Therefore, any progress to achieve mutual recognition of qualifications needs to have an East-West as well as a North/South dimension. FAS and DEL can work to facilitate and influence mutual recognition of vocational qualifications but are not the only parties involved.

### Higher Education

- 3.17 The Higher level Leaving Certificate has its Northern equivalent in A Levels where normally three subjects are studied in greater depth than at GCSE level. In relation to the equivalency of qualifications and points required, institutes in both jurisdictions have their own standards. There appear to be no problems in qualification recognition by Universities within either jurisdiction, but with significant change occurring in the post-16 education system in the Northern jurisdiction with Curriculum 2000 Qualifications, this may, to an extent, increase the complexity of the process of qualification recognition.
- 3.18 In relation to fees and grants, Northern students in the Southern jurisdiction are treated as EU citizens and receive the same entitlements as Southern students by getting their fees paid. However, within the Northern jurisdiction, payment of fees is means tested, which may be a potential financial barrier.
- 3.19 At entry level, graduate recruitment is increasingly cross-border. This can be witnessed in the number of UK firms who attend careers fairs in Irish higher education institutions, and the number of Irish firms who do likewise in Northern Ireland. An example of the mobility of graduates is the alumni of the University of Ulster Postgraduate Diploma in Information Technology in June 2000. Since the graduation, individuals now have jobs in locations including the Northern jurisdiction, Southern jurisdiction, Canada, USA, Germany and Australia. Among the most skilled and best educated, barriers to mobility are extremely low. Within the European Union, the majority of individuals moving from one member state to another, are aged 16-30 but especially aged 21-25. Anecdotal evidence would suggest that the core of this highly mobile group are graduates.
- 3.20 Here, the problem for employers is not in identifying individuals who possess the necessary education and training, but rather in persuading them to move to a new position. Executive search agencies in both jurisdictions exist expressly in order to headhunt appropriate individuals, usually from within the jurisdiction.

### Professional Qualifications

- 3.21 Within the remit of professional bodies and the recognition of qualifications awarded within the other jurisdiction the professional bodies have significant discretion. There appears, in relation to the recognition of qualifications awarded within the other jurisdiction, to be a general level of recognition and ease of re-registration but also some significant examples of non-recognition and hence obstacles to mobility.
- 3.22 An important example of inconsistency is evident within the health sector. Registration/accreditation of nursing, medical and PAMs (Professions Allied to Medicine) is carried out in the two jurisdictions by separate bodies that often have different sets of requirements. Similarly, undergraduate and postgraduate training is organised and accredited by different bodies in the two jurisdictions and in many instances reciprocal recognition does not exist. All of these issues clearly impact on mobility, short-term secondments and cross covering arrangements in border regions. Medical doctors who have qualified within the Northern jurisdiction cannot practise in the South, whereas for nurses there is an easier process of re-registration from North to South and vice-versa.
- 3.23 Inconsistency can surround the practical implementation of EC Directives and demonstrate the difficulty surrounding the law of mutual recognition. An example of this is the 'Qualified Person' requirements as

stated in Article 31 of Directive 81/851/EEC which determine the requirements to be a licensee for the quality assurance of veterinary medicine manufacture, in order to permit the release of licensed pharmaceuticals onto the market.

- 3.24 One of the individual case studies related to a Quality Manager from the Northern jurisdiction who achieved his training linked to the Royal Society of Chemistry. However, upon joining a veterinary medicine manufacturing company in the Southern jurisdiction, his qualifications/experience were not recognised by the Irish Medicines Board due to the different outputs of the study routes i.e. Royal Society of Chemistry Certificate versus postgraduate Diploma in the Southern jurisdiction. This was despite the same syllabi and standard of assessment. The Quality Manager undertook a two-year exercise to have his qualification recognised by the Irish Medicines Board via contact with his professional body (Royal Society of Chemistry), the European Commission, DEL and finally the Minister for Health and Children in the South, whilst still having to retrain.
- 3.25 Even among those with established skills, unemployment is in itself a potential barrier to mobility. It is usually assumed that removing obstacles to mobility in the external labour market will help reduce unemployment. Anecdotal evidence by unemployed persons within the border areas recognised that a number of financial factors had to be evaluated by the individuals before undertaking work or residence in the other jurisdiction and recognition of qualifications was generally a secondary concern.
- 3.26 The belief is that as the unemployed will be able to take up opportunities across the border that do not exist in their own locality, they will be among the more mobile. Studies of redundant and unemployed workers do not support this. Detailed studies in the steel, coal and port transport industries in England and Wales, for example, show that many redundant workers are consigned to long-term unemployment because employers are wary of hiring a worker that another firm does not want (Turnbull and Wass 1997<sup>8</sup>).
- 3.27 Leisure travel within the island faces relatively few barriers of an educational and training nature. Much is done within the education systems to inform pupils and students of the features of the island; frequently, the curriculum of Northern jurisdiction schools will also incorporate aspects of the wider UK picture, but it is also true that there is a general trend towards convergence in the primary and secondary curricula in both jurisdictions. There is evidence in adult education of a growing interest in what might loosely be called Irish Studies. Informally, the growing trend towards multi-channel broadcasting is reducing existing patterns of segregated use of television and radio along the lines of national jurisdictions, but within an overall trend towards much greater individualisation of media usage.

### **Perceived barriers**

- 3.28 Perceived barriers have substantially reduced the attractiveness of the North's higher education institutions in recent years. Within the University of Ulster, for example, students from the Republic during the 1990s were found overwhelmingly in Magee College and at the Coleraine campus, rather than at Jordanstown (which is on the outskirts of north Belfast). Equally, the extent of perceived hostility towards Protestants in the border areas of both jurisdictions has substantially limited the prospects of cross-border study at third level institutions within a reasonable travel-to-learn distance. Anecdotal evidence would suggest this is a contributory factor in relation to relatively low numbers of Northern students attending Southern border technical colleges e.g. Letterkenny, Sligo and Dundalk.
- 3.29 Perceived barriers are therefore highly significant. Moreover, because they are firmly rooted in culture and values, the problem is not easy to resolve.

## IV Conclusion

- 4.1 It is important not to overstate the capacity of education and training to promote mobility, as against the weight of other factors. For workers, migration is an investment which involves non-recoverable costs, some of which are potentially substantial disincentives. A series of studies of North/South mobility in Britain and Italy have, for example, found that housing price differentials are a notable factor in explaining changing patterns of migration (Cannari, Nucci and Sestito 2000<sup>9</sup>). A second notable factor is not only whether mobility brings about income differentials, but whether workers' expectations are of the same (or greater) differentials in the future (Bosco 1999<sup>10</sup>). Despite these limits, it is clear that education and training may potentially contribute significantly towards enhanced mobility, both among the employed and among those who are not in the labour market.
- 4.2 Contacts among schools have grown rapidly in recent years. The challenge here is both to broaden the range of schools involved, and to manage collaborative arrangements to secure added value. This may involve mapping common curriculum elements and developing common learning resources. Also schools inspection regimes differ between the two jurisdictions, but again show some common features as a result of a shared history, and may form the basis for some cross-border co-operation. Responsibility for these processes, if undertaken, would lie with the respective Departments of Education.
- 4.3 There are some well-established cross border linkages in teacher training arising from joint participation in trans-European networks, from external examiner positions, and from joint participation in the Educational Studies Association of Ireland (ESAI), which has always been organised on an all-Ireland basis.
- 4.4 In the realm of vocational training, there are a number of issues impacting on mobility due to the differing structures, processes and outcomes arising from the traineeships and apprenticeships provided in both jurisdictions. The issues relating to traineeships are less about access to provision 'across the border' and are linked to the provision of training allowances that are linked to EU law through residency. There are also issues relating to the ease of accreditation of prior learning for an apprentice who is seconded or transferred part way through their qualification to work in the other jurisdiction. The mutual recognition of vocational qualifications is becoming an issue in terms of North/South labour mobility and progress has been made in three areas where particular demand and interest (e.g. plumbing, electrical, toolmaking qualifications) stimulated co-operation on a North South and East-West basis (involving unions, employers, DEL/FAS and curriculum bodies) to achieve recognition. This progress provides a foundation for further work to expand mutual recognition of the outcomes of vocational training in other subject areas.
- 4.5 In both the North and the South, there is a clear legal basis at an EU level for the mutual recognition of qualifications. However, no member state, including Ireland and the UK, has transposed this into national legislation in a manner that overcomes all the difficulties experienced by persons seeking to move across borders to practise their professions.

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## Endnotes

<sup>1</sup> Field, J. (1998) *European Dimensions: education, training and the European Union*, Jessica Kingsley, London

<sup>2</sup> Vocational qualifications in this context encompass traineeships and apprenticeships

<sup>3</sup> Teichler, U. (1996) Student mobility in the framework of ERASMUS: findings of an evaluation study, *European Journal of Education*, 31, 2

<sup>4</sup> Marsden, D. (1993) Skills and the Single European Market, *Skills Focus*, 2.

<sup>5</sup> McMahon, B.M.E. (1990) Case Law 379/87, *Groener v Minister for Education and the City of Dublin Vocational Education Committee*, *Common Market Law Review*, 27

<sup>6</sup> Field, J. and Spence, L. (2000) Informal Learning and Social Capital, in F. Coffield (ed.), *The Necessity of Informal Learning*, Policy Press, Bristol.

<sup>7</sup> At this stage the individual is an employee of a company who support them on the apprenticeship.

<sup>8</sup> Turnbull, P. and Wass, V. (1997) Job Insecurity and Labour Market Lemons: the (mis)management of redundancy in steel making, coal mining and port transport, *Journal of Management Studies*, 34, 1

<sup>9</sup> Cannari, L., Nucci, F. and Sestito, P. (2000) Geographic labour mobility and the cost of housing: evidence from Italy, *Applied Economics*, 32, 14

<sup>10</sup> Bosco, L. (1999) Employment illusion, variable costs of migration, and labour mobility, *Labour*, 13, 3

# **EII – Employment Law and Recruitment Practices**

## **Working Paper**

## **I Introduction**

- 1.1 Employment law is a dynamic area which is in a constant state of flux with new developments in legislation and case law continuously arising.
- 1.2 *The purpose of this Working Paper is to set out in summary form matters of particular relevance in respect of employment law and recruitment practices that have arisen as a result of information obtained regarding obstacles to cross-border labour mobility. This working paper should not be used for any other purpose.*

## **II Background and context**

### **Background**

- 2.1 Historically, the last thirty years have been the most productive period for employment law on this island. There are two main reasons why this burgeoning area has retained close similarity either side of the border - the historically close relationship and membership of the European Union.
- 2.2 The close links between the South and the United Kingdom have led to the establishment of legal enactments, procedures and case law similar to that of the North. For instance, in 1967 the South passed its first major piece of employment protection legislation, the Redundancy Payments Act. In the North, similar legislation had already been passed in 1965. These two enactments illustrate the similar development of employment law in the two jurisdictions.
- 2.3 This commonality of approach, based on the strong political, social and legal links between the two States, was further enhanced in 1972 through membership of the European Union. In the intervening years, membership of the EU represented a new source of law and consistency in approach across national boundaries.

### **European Legislation**

- 2.4 The years that followed produced a rapid evolution of Irish employment law. Thus, for instance, a profusion of legislation in the form of EU Directives operates either side of the border and is interpreted by the European Court of Justice and domestic courts and Tribunals. This has created a situation where broadly similar rules and regulations on many employment law areas exist. For example, issues like equality of opportunity, providing contracts of employment, freedom of movement between Member States, entitlement to annual paid leave and various family friendly policies have had a tremendous impact on the nature of employment practices on either side of the border.
- 2.5 However, where such EU legislation is implemented on a domestic level, there are often discrepancies between the two jurisdictions in the finer detail. As we shall see this phenomenon may not by itself be enough to create a barrier to mobility but it is the impact upon employers and employees in workplaces across Ireland that must be examined to see if they have experienced or perceived any such barriers.
- 2.6 Undoubtedly, membership of the European Union has greatly influenced employment law in all Member States. The hallmark of this period has been the increased need for employment protection for workers. Both jurisdictions have provided for a safety net of legislation relating to such issues as statutory minimum notice, written terms and conditions of employment, equal pay and equal treatment between the sexes, collective consultation under redundancy and transfer of undertakings legislation and protection against unfair dismissal.
- 2.7 In addition, before the 1990s, both jurisdictions also had provision for guarantee payments in cases of employer insolvency, statutory maternity leave and rules on the format of the payment of wages. However, it has been the last ten years which has generated the greatest increase in new employment law. In the North, this growth is largely due to the emergence of the Labour Government in the UK and the impact of the European Union Social Charter. On a similar level, the latter has had tremendous impact upon employment law in the South, with a greater eagerness to embrace it than in the United Kingdom.
- 2.8 The Treaty of Rome enshrined a number of basic principles in the legal system of each jurisdiction. The freedom of movement of workers combined with the Posted Workers Directive ensure that EU employees are given complete access to work anywhere within the European Union with their employment rights intact. The Treaty also underscores the principle of equal treatment which has flourished in scope under the European Court of Justice. The Social Charter is responsible for several legislative developments such as in the areas of working time, parental leave, transfer of undertakings and equality of opportunity.
- 2.9 The following section deals with the main employment law areas affecting individual entitlements. Each sub-section commences with an overview of applicable legislation currently in force and the paper concludes with a section summarising the main points arising from the comparative analysis.

### III North/South Differentials

#### Contracts of Employment

**Table 3.1 Contracts of Employment (Temporary and Part Time Employment)**

	<i>The North</i>	<i>The South</i>
	<ul style="list-style-type: none"> <li>■ Employment Rights (NI) Order 1996</li> <li>■ Employment Relations (NI) Order 1999</li> <li>■ Part-Time Workers Regulations (NI) 2000</li> </ul>	<ul style="list-style-type: none"> <li>■ Worker Protection (Regular Part-time Employees) Act 1991</li> <li>■ Terms of Employment (Information) Act 1994</li> </ul>
3.1	<p>Both jurisdictions require employers to provide specific information in writing to employees in line with EC Directive 91/533/EEC in relation to the terms and conditions of their employment. This Directive was implemented in the South through the Terms of Employment (Information) Act 1994 which applies to employees who work over eight hours a week and have been in employment for one month. In the North, the information must be given, at the latest, after two months of continuous service but there is no distinction between part-time or full-time employees who are entitled to receive it (Employment Rights (NI) Order 1996).</p>	
3.2	<p>As regards the content of the information both jurisdictions require the same type of information to be recorded (i.e. name and address of employer, place of work, job title, date of commencement, remuneration details, holiday, sick pay, pension, notice period, information on collective agreements). Unlike in the North, the statement of information must be signed and dated by the employer in the South but, like the North, the employee must be advised within one month of any changes to the statement of terms and conditions.</p>	
3.3	<p>Similarly, both jurisdictions require additional information to be provided where each employee works outside the respective jurisdictions for over one month. This information principally relates to details of remuneration and how it will be paid while the employee is outside the country. Accordingly this obligation will arise every time an employee is sent to work on the other side of the border. In practice, an employer will still apply the same terms and conditions of employment, although they will usually have to make alternative arrangements as to the means of providing remuneration into a bank account in the new location, particularly if the relocation is for a long-term period.</p>	
3.4	<p>For all intents and purposes the information required to be given by employers is almost identical between the two jurisdictions. This even extends to the implied terms provided by way of common law and statute including the implied duties of confidentiality and loyalty resting with the employee. Similarly, equality legislation North and South implies a contractual clause ensuring equal pay and equal treatment for every employee.</p>	

#### Temporary and Part-time Employment

- 3.5 Part-time employees in the North are now afforded the same rights and statutory protection as provided to full-time employees. This is a fairly recent development with the inception of the Part-time Workers Regulations (NI) 2000. In the South the Worker Protection (Regular Part-time Employees) Act came into operation in 1991 and provides for specific rights and protection to those part-time workers who normally work at least eight hours per week.
- 3.6 As regards casual workers and those employed on zero hour contracts, there is a greater level of protection available in the South to employees in terms of providing a minimum amount of pay, or hours, depending on the nature of the employment relationship. Thus, for example an employee in the South is entitled to receive the lesser of 25% of the contracted hours or fifteen hours pay if he has not been required to work at all in any week. There is no similar pecuniary safety net in the North for casual employees.
- 3.7 Directive 97/81/EEC outlines the Framework Agreement on part-time work which was agreed between the EU States on the 6th June 1997. The Framework Agreement set out to provide for the removal of

discrimination against part-time workers and to improve the quality of part-time work. The implementation of the Directive in domestic law in the two jurisdictions has enhanced and harmonised the rights of part-time workers throughout the island. The EU Directive concerning the posting of workers (Directive 96/71/EC) was adopted to cover the temporary posting of workers employed in one Member State, under a contract regulated by that Member State, to a second Member State where the work is actually carried out. The purpose of the Directive is to remove obstacles to the freedom of movement of workers. Thus, the State where the posted worker is sent must provide specific minimum standards under its labour law to the posted worker but it is allowed to derogate from these standards or indeed to exclude the posted worker from them, as it may decide.

- 3.8 Therefore, an employee who is seconded across the border from his/her home country may retain a contract of employment that is still subject to the home Member State's law. If the worker does not have the benefit of such a contract and their employment is terminated whilst ordinarily working outside their home State, then that employee may have the right to bring a claim in their home court against his employer only for breach of contract. The worker will have no statutory employment rights in this case because at the time of dismissal the employee worked wholly or mainly outside their country. However, due to the Posted Workers Directive they will have the legal right to enforce similar statutory employment rights in the host State. These provisions could be relied upon, for instance, in an industrial tribunal in the North by an Northern citizen working in the South if their contract is deemed to be governed by Northern law.
- 3.9 Member States are obliged to ensure that whatever the law applicable to the employment relationship, the undertakings in their jurisdiction must guarantee workers posted to their territory a minimum level of protection. The following terms and conditions are among the information that must be provided in the Member State where the work is carried out: maximum work period and minimum rest periods, minimum paid annual holidays, minimum rates of pay, health and safety and equality of treatment.
- 3.10 The North and South are both currently required to implement the EU Directive on fixed-term contracts which sets out to improve the quality of fixed-term work through the principle of non-discrimination and to prevent abuse arising from the use of successive fixed-term employment contracts. Therefore, fixed-term workers on either side of the border will be subject to statutory protection as regards equality of treatment. One of the measures already established in the North is that employers are not able to contract-out of employment protection legislation by preventing unfair dismissal claims for those engaged on successive fixed-term contracts (Employment Relations (NI) Order 1999). Other measures will have to be implemented in both countries to meet the requirements of the Directive.
- 3.11 Overall, this area of employment law is rife with examples of identical legislation, principally arising from the impact of EU law and the common approach adopted by the respective governments in implementing this legislation. The high level of harmonisation removes any barriers to mobility for full-time workers. However, there is a notable disparity in the specific area of casual employment with a greater level of protection conferred on casual workers in the South who are generally guaranteed some measure of pay unlike their counterparts in the North.

### **Minimum Wage Differentials**

- 3.12 The National Minimum Wage Act 1998 sets the Northern rate which currently stands at £3.70 per hour (from October 2000). This is set to increase in October 2001 to £4.10 per hour. The following year will see an increase of 10 pence to £4.20 per hour (October 2002). The age rate for 18-21 year olds is currently £3.20 per hour.
- 3.13 The Minimum Wage Commission in the South, established in July 1997, set a rate of £4.40 per hour effective from April 2000 (the relevant Southern legislation is the National Minimum Wage Act 2000). There are various rates in the South for trainees and those under 18 years old. The full adult hourly rate of £4.40 applies to 2 years from the date of first employment over 18 years or 2 years after continuation of employment and 18 years. Thus, the earliest stage that an adult worker can get £4.40 per hour is 20 years of age. This rate is set to increase as of 1 July 2001 to £4.70 per hour and in 10 October 2002 to £5.00 per hour. There appears to be close correlation between the North and the South in terms of national minimum wage rates.

## Organisation of Working Time

**Table 3.2 Legislation applicable to the organisation of working time**

	<i>The North</i>	<i>The South</i>
	<ul style="list-style-type: none"> <li>■ Working Time Regulations 1998</li> <li>■ Shops (Sunday Trading) (NI) Order 1997</li> </ul>	<ul style="list-style-type: none"> <li>■ Organisation of Working Time Act 1997</li> </ul>
3.14	<p>The Organisation of Working Time Act 1997 together with Regulations made under the Safety, Health and Welfare at Work Act 1989 implements Directive 93/104/EC in relation to the provision of a forty eight hour week, annual paid leave and regular rest breaks in the South. The 1998 Working Time Regulations implement the same Directive in the North. This Directive is essentially a health and safety measure based on Article 118 of the EC Treaty which provides that “Member States shall pay particular attention to encouraging improvements especially in the working environment, as regards the health &amp; safety of workers, and shall set as their objective the harmonisation of conditions in this area”.</p>	
3.15	<p>In essence, the effect of the Working Time Directive as it has been implemented domestically in both jurisdictions is to introduce the following rights:</p> <ul style="list-style-type: none"> <li>■ A maximum average working time of forty-eight hours;</li> <li>■ weekly rest break of twenty-four consecutive hours;</li> <li>■ daily rest period of eleven consecutive hours;</li> <li>■ regular rest periods at work; and</li> <li>■ a maximum average of eight hours night work.</li> </ul>	
3.16	<p>The introduction of these measures in the South was staggered between March 1998 and March 2000 while in the North the law became operational for most sectors in November 1998. Authorities in the South issued a Code of Practice on this area, published by the Labour Relations Commission in consultation with various interested parties. Similar guidance was issued in the UK by the Department of Trade and Industry and subsequently by the Department of Higher and Further Education, Training and Employment in the North. The publications set out examples for employers in calculating if insufficient rest periods are being provided and to avoid exceeding the forty eight hour week limit.</p>	
3.17	<p>As regards workplace rest periods the provision in the South is for a break of at least fifteen minutes every four and a half hours worked while the equivalent provision in the North is for a break of at least twenty minutes every six hours. The Southern provision extends so that an employee is not allowed to work a period of more than six hours without a break of at least thirty minutes. Shop employees in the South are given an additional entitlement so that where their hours of work include the period from 1.30 pm to 2.30 pm they shall, after six hours work, be allowed a break of one hour which must commence between those hours. There is no such provision for shop workers in the North.</p>	
3.18	<p>In the South those employees who are required to work on a Sunday are required to be compensated, if this is not already taken into account in their pay by, for example, the payment of a reasonable allowance, by increasing the rate of pay or granting the employee reasonable paid time off. There are other specific regulations for those employees in the North who are requested to work on a Sunday (as per the Shops (Sunday Trading) (NI) Order 1997).</p>	
3.19	<p>The Working Time Regulations 1998 provides for specific avenues circumventing some of the regulations, particularly in regard to the forty eight hour week limit. In calculating when an employee is exceeding this limit, the reference period used is seventeen weeks in the North compared to four months in the South, or for those employed in specific sectors, six months (e.g., sales people, security industry, hospitals, airports etc). Certain sectors were initially excluded from this particular provision on both sides of the border (e.g. those working in the transport sector) but these categories will eventually be removed in line with EU law.</p>	

Employers and employees can agree by way of a collective agreement or an opt-out agreement to work specific hours with agreed rest periods. The Labour Court in the South must be satisfied that such a collective agreement is appropriate under the Working Time Directive before issuing its approval. Collective agreements established in the North do not have to meet the approval of any statutory body. This is the case throughout the UK where there is a greater preference for non-intervention in industrial relations.

- 3.20 In brief, there is a considerable amount of commonality, North and South, with some relatively minor variances in areas such as rest breaks and calculating the reference period for the weekly working hours. More significantly, there is a more active role taken by the judicial system in validating collective and opt-out agreements in the South than in the North. In addition, shop workers also receive a better level of entitlement in respect of daily rest breaks in the South. It is extremely doubtful whether any of these differences have actively prevented people from going to work in the other jurisdiction.

## Family Friendly Policies

**Table 3.3 Legislation relevant to family friendly policies**

<i>The North</i>	<i>The South</i>
■ Employment Relations (NI) Order 1999	■ Maternity Protection Act 1994
■ Employment Rights (NI) Order 1996	■ Adoptive Leave Act 1995
■ Maternity and Parental Leave (NI) Regulations 1999	■ Parental Leave Act 1998

- 3.21 The above legislation implements EC Council Directive 92/85/EEC (the Pregnant Workers Directive and the Parental Leave Directive, 96/34/EC. In short, both jurisdictions provide for broadly similar entitlements to workers in respect of maternity, adoptive and parental leave. However, there are subtle differences in the mechanics of how each legal system provides these basic entitlements.
- 3.22 In respect of Parental Leave both jurisdictions introduced a cut off point for entitlement under the legislation. For example the Irish Government stated that parents with children born before 3<sup>rd</sup> June 1996 were excluded from the right to take parental leave while in the North and Great Britain the respective cut-off date was 15<sup>th</sup> December 1999. Subsequently, such cut-off points have been legally challenged as being unlawful and outside of the scope of the Directive.
- 3.23 Accordingly, parents in the South received a more generous entitlement in terms of an additional three years age scope. This begs the question of whether this issue alone would prevent parents resident in the South moving to work in the North and losing out on such a relatively minor right to what is currently unpaid leave. It is reasonable to suppose that certain parents in the South would be effected if they became employed on contracts subject to Northern law as they would be disadvantaged when their children were born before 15<sup>th</sup> December 1999 but after 3<sup>rd</sup> June 1996. The extent of this scenario is difficult to determine but conversely it is equally difficult to determine how many parents in the North would not be discouraged from taking up employment in the South to avail of the more generous entitlement.
- 3.24 Nonetheless, perhaps these points will be rendered academic in due course as the European Court of Justice is likely to rule that the cut-off date in the North is unlawful, as it has already done with the equivalent in the South. As a consequence, both jurisdictions may end up with a situation where parental leave is available to all irrespective of the birth dates of the relevant children. Ironically this would serve to meet the original goal of the Parental Leave Directive.

## Equality and Recruitment

### 3.4 Legislation applicable to Equality and Recruitment

#### *The North*

- Fair Employment and Treatment (NI) Order 1998;
- Disability Discrimination Act 1995
- Race Relations (NI) Order 1997
- Sex Discrimination (NI) Orders 1988 and 1976
- Gender Reassignment Regulations (NI) 1999

#### *The South*

- Employment Equality Act 1998
- Equal Status Act 2000

- 3.25 The Employment Equality Act 1998 provides for nine grounds of discrimination to include gender, marital status, family status, sexual orientation, religion, age, disability, race and membership of the travelling community. Discrimination in the South is defined along the same lines as discrimination in the North, i.e. where one person is treated less favourably than someone else on one of the stated grounds. However, in the North there is no legislation regarding discrimination on sexual orientation or age discrimination save for that contained in EC legislation although there is protection against discrimination for transsexuals. EC Directives 75/117/EEC and 76/207/EEC deal with equal pay and equal treatment between the genders and the Courts have applied legislation to prohibit discrimination on the grounds of sexual orientation in the UK, primarily within the public sector. A new European Union Directive on Equal Treatment has recently been drafted and seeks to offer protection to workers against discrimination on the grounds of age, disability, race, religion and sexual orientation in the workplace. Under the Commission proposal, Member States have three years to implement the instrument into domestic law once it has been formerly adopted.
- 3.26 Both jurisdictions share similar legislative provisions outlawing discrimination in recruitment practices on the above mentioned grounds. As a result employers all over Ireland must be careful in how they go about recruitment in terms of advertising, interviewing and selecting employees. A recent cross-border study carried out by the four Health Boards embracing the border, surveyed twenty five members of staff who crossed the border to work with a view to highlighting cross-border obstacles to mobility. For those living in the North and working in the South the advantages perceived were:
- Equivalent jobs attract a higher salary in the South;
  - Higher tax free allowances exist in the South;
  - Good travelling expense rate provided in the South;
  - Lack of bureaucracy in the legal system in the South;
  - Staff could remain eligible for benefits if living in the North including free healthcare provision, better education grants and facilities and lower cost of new cars, tax and insurance; and
  - A more relaxed working environment was perceived in the South.
- 3.27 On the other hand the following perceived disadvantages were outlined as including:
- Winter weather;
  - Initial problems in sorting out child benefit; and
  - higher taxation.
- 3.28 Overall, it was perceived that the higher rate of tax in the South is compensated for by the higher rates of pay and tax-free allowances. It was noted that there is a general lack of information available to those who

wish to cross the border to work in terms of taxation, future applications for pension entitlement and banking facilities.

3.29 The following perceived advantages of living in the South while working in the North were disclosed:

- There is a more developed Health Service in the North;
- People have the advantage of free health care in the North;
- There is the benefit of retaining the perceived security of living in the South;
- Cost of living in the North was perceived to be cheaper;
- Child benefit payable from the South is brought up to the Northern rate by the European Union; and
- There is a lower tax rate in the North;

3.30 Among the perceived disadvantages of working in the North while living in the South were:

- Double taxation;
- Equivalent jobs are less well paid;
- Poor roads, particularly in the winter;
- Financial loss in changing currency;
- Cannot avail of less expensive new vehicles in the North due to the legislation in the South;
- Health care provision in the North is only available to those in employment with residents in the South missing out upon retirement or termination of employment;
- Perception and attitude of others as being an “outsider”.

3.31 It was further noted that pension entitlement in respect of superannuation could not be transferred across the border. Overall, citizens in the South working in the North found that there were no real perceived differences between working North and South.

3.32 Despite the legislative similarities between the two jurisdictions, the remedies available in the North go further in terms of compensation than in the South. Individuals are more proactive in taking cases against employers in the North and these are considerably more applications on the grounds of discrimination in the North than in the South. In the North, applications to the Fair Employment Tribunal and the Industrial Tribunal have dealt with an ever-increasing workload with compensation awards and settlements totalling millions of pounds in the last ten years. There is no limit on the amount of compensation that a tribunal in the North may award for a successful complaint of discrimination occurring in the workplace. In contrast, the equivalent bodies in the South are limited to awarding two years remuneration by way of compensation (or three years in respect of equal pay claims). However, in respect of discrimination concerning applications for employment there is a maximum limit of compensation set down in the South of £10,000. Limits in equal pay claims can be avoided by going to the Circuit Court so that pay awards are limited to six years arrears.

3.33 As a consequence of the high level of claims in the North coupled with heavier compensation awards to claimants and the political sensitivities surrounding complaints of religious discrimination, employers are more cautious in their recruitment practices. Employers in the North are compelled to apply the principles set down in law and also in various Codes of Practice issued by the statutory bodies formally established under anti-discriminatory legislation, subsequently amalgamated into the Equality Commission in the North. The policing role of the Equality Commission, who advise and support claimants among other functions, further enhances the impact of equality legislation in the North. In effect, it is not regulated to the same extent in the South where employers find it easier to recruit candidates on the basis of unsolicited information provided by way of CVs in recruitment practices which are not regulated as they are in the North.

- 3.34 The high number of successful claims in the North have led to several high profile cases against both private and public sector employers. The perception is that recruitment in the North is more closely policed and that employees and job applicants are proactive in asserting their legal rights. There have been several cases in recent years in the North concerning admission to the civil service by citizens from the South. However, while article 48 of the EU Treaty enshrines the principle of freedom of movement it also provides an exception to this rule where the employment is in the public service. Accordingly, judicial review applications regarding applications for employment in the Industrial Development Board, Fire Authority for NI, Inland Revenue and the NI Civil Service Commission brought by Irish citizens have all been unsuccessful.
- 3.35 There are significantly greater restrictions in recruitment practices in the North and more stringent policing has meant greater risks for employers in the face of potential claims and compensation. Workers who wish to apply for positions in the North will have greater redress in finding out why they were not selected than their counterparts applying for jobs in the South.

## Immigration

**Table 3.5 Legislation applicable to Immigration**

<i>The North</i>	<i>The South</i>
■ Immigration Act	■ Aliens Act 1935
■ British Nationality Act 1981	■ Aliens Order 1946 – 1999

- 3.36 Through membership of the EU, both the North and South abide by the principle of free movement of workers (article 48 of the EC Treaty) between each country and all other nationals of the EU plus Iceland, Norway and Liechtenstein (which together comprise the European Economic Area (EEA)). Until both jurisdictions became Member States of the European Union in 1972, certain individuals had to apply for work permits to work across the border.
- 3.37 In general, all other nationals require authorisation to work in Ireland; this involves issuing work permits. However, due to the current labour shortage in the South, the rules relating to work permits have been relaxed resulting in various non-EU nationals no longer requiring permits. Thus, for instance, work permits are not required for persons who are posted to the South for a maximum of four years for infra-corporate transfers.
- 3.38 In the North, while there is a shortage of labour in specific sectors such as medicine and information technology, more barriers remain to non-EEA Nationals obtaining work permits than in the South. While there are a variety of ways to obtain work permits in the North, including intra-company transfers, only senior employees holding management or technical experience may obtain a work permit. This is possible only when the authorities have been satisfied that the employer has a genuine vacancy for which no suitable EU national could be found. In general, the rules applied in the South where the employee is not an EEA National impose a similar requirement to satisfy the authority that every effort was made to recruit a qualified EEA National to the position. The proposed employment of such a person is usually in a highly specialised post and the permits are granted for the period of one year initially. In contrast, work permits were issued in the North for up to four years and after this time it is possible for the worker to obtain permission to continue to work without need for a further permit.
- 3.39 The greatest impact of the EU's freedom of movement principle upon the Irish workforce is that workers are guaranteed to move without hindrance back and forth across the border to seek and obtain employment. The feature of harmonisation throughout this report cannot be better illustrated when this legal entitlement is considered in isolation. Where the worker loses his job, he/she can still stay in his host State, unlike those with work permits who must leave and return home. Indeed, the unemployed worker can take up social security benefits from the host State on the basis of his EU citizenship.

## Termination of Employment (Unfair Dismissal and Redundancy)

**Table 3.6 Legislation applicable to termination of employment (unfair dismissal and redundancy)**

The North	The South
■ Employment Rights (NI) Order 1996	■ Unfair Dismissals Act 1977
■ Employment Relations (NI) Order 1999	■ Unfair Dismissals (Amendment) Act 1993
	■ Redundancy Payments Acts 1969 to 1991
	■ Protection of Employment Act 1977
	■ Minimum Notice and Terms of Employment Act 1933

3.40 As regards providing notice to employees both jurisdictions have set statutory minimum periods of notice based on employees' length of service as below:

**Table 3.7 Comparison of notice required in the North and South**

<i>North</i>	<i>South</i>
4 wks' to 2 yrs' service – 1 wk's notice	13 wks' to 2 yrs' service – 1 wk's notice
2 yrs' service – 2 wks' notice	2 to 5 yrs' service – 2 wks' notice
3 yrs' service – 3 wks' notice	5 to 10 yrs' service – 4 wks' notice
For each additional year of service add 1 wk's notice up to a maximum of 12 wks' notice	10–15 yrs' service – 6 wks' notice
	15 or more yrs' service – 8 wks' notice

3.41 Accordingly, employees in the North are provided with greater protection and thus higher payments in lieu of notice.

3.42 The above are only minimum periods of notice and may be superceded by longer contractual notices. In cases of common law wrongful dismissal, courts and tribunals in both jurisdictions will adjudicate on what the reasonable period of notice should be in all the circumstances. Employees in both parts of Ireland are provided with similar entitlements while working out their notice periods in respect of pay, sick leave, benefits and holidays.

3.43 Unfair dismissal rules are contained in the Employment Rights (NI) Order 1996 which sets out five categories where employees may be lawfully dismissed in the North. In brief, an employee in the North is entitled to claim re-instatement, re-engagement or compensation up to £50,000 after they have been unfairly dismissed. In the South an unfairly dismissed worker can also claim re-instatement or re-engagement but is limited to one hundred and four weeks remuneration by way of compensation. As regards entitlement to take a claim under unfair dismissal legislation, employees on both sides of the border must prove that they are employed under a contract of employment with continuous service of one year, while they must not be over sixty five years of age. Employees in the North who work part-time are entitled to take unfair dismissal proceedings, like their full-time counterparts. There is no definition of what constitutes a part-time worker on the basis of number of hours worked, unlike in the South where they must work at least eight hours per week in the case of regular part-time employee. Unfair dismissal claims in the North must be brought within three months of termination whereas in the South the time limit is six months from the date of dismissal, although both these deadlines can be extended in certain exceptional circumstances.

3.44 As regards the statutory definition of unfair dismissal, both jurisdictions provide that all dismissals are deemed unfair unless there are substantial grounds justifying the dismissal which relate to the employee's capability, competence, qualifications, conduct and redundancy. In the North the five grounds include a residuary category, "any other substantial reason," which provides flexibility for employers in deciding when an employee has been lawfully dismissed. It is important to note that employers must adhere to following a fair and reasonable procedure in terminating employment in the North and the South. There are

certain areas where dismissal will be deemed automatically unfair in both jurisdictions including trade union involvement, maternity and discrimination on the grounds of race, religion and gender etc. These automatic grounds go further in the South with additional categories including sexual orientation, age and civil or criminal proceedings being instigated by the employee.

- 3.45 Although unfair dismissal is not an area subject to any European Directives it is notable that the legal principles and procedures are extremely similar and there is reliance in the South on appropriate UK cases in determining proceedings and appeals.

## **Redundancy**

- 3.46 Redundancy is clearly established as one of the grounds for lawful dismissal in both jurisdictions. Similarly, there are particular rules governing individual and collective redundancy in both countries, insofar as the redundancy procedure is concerned with selection, information and consultation. Employees in the North who are to be made redundant are entitled to a statutory minimum redundancy payment based on age, length of service and weekly wage. A successful claim for unfair selection for redundancy may entail a payment greater than the maximum possible redundancy payment (currently £6,900 in the North).
- 3.47 In the South, the statutory redundancy payment is also based on age, length of service and weekly wage. However, the criteria are calculated in a different way providing a more generous redundancy payment than in the North (up to a maximum of £15,600 per annum). Indeed, both jurisdictions provide for statutory minimums and some employers will provide for a higher level of severance payments particularly arising from collective agreements with trade unions which are more common in the South.
- 3.48 Employers in the North must inform employees of their reasons for selecting them for redundancy and when organisations let go twenty or more employees they are subject to specific rules on information and consultation with employer representatives. Similar rules apply in the South with employers being obliged to document the redundancy and provide a Certificate of Redundancy at the date of dismissal and Part 2 of the relevant form (“Employees Receipt for Lump Payment”) certifies the receipt of the redundancy payment.
- 3.49 Employees in the North have up to six months to take a claim in relation to a redundancy payment to the Industrial Tribunal. Workers in the South are allowed fifty two weeks from the date of dismissal of employment to refer a redundancy claim to the Tribunal. This may be extended to one hundred and four weeks if reasonable cause can be shown for any delay. Therefore, employees are provided with greater scope for redress in redundancy claims in the South.
- 3.50 All payments in respect of redundancy are tax-free on both sides of the border. However, as regards total severance packages compensation payments up to £30,000 are tax-free in the North while in the South the first £8,000 plus £600 per year of complete service is tax-free. In certain circumstances the Southern tax-free amount may be increased by £4,000.
- 3.51 Overall, while there are broadly similar approaches North and South to termination of employment there are different arrangements when it comes to compensation. Employees in the North may receive substantially greater awards in unfair dismissal cases whereas the converse applies in relation to statutory redundancy payments. It may be academic to suggest that these anomalies represent any form of obstacle to mobility especially when such payments are invariably at the end of employment and thus probably the last issue that a worker would think about in moving across the border to take up gainful employment.

## Enforcement of Employment Rights

**Table 3.8 Legislation applicable to enforcement of employment rights**

<i>The North</i>	<i>The South</i>
β Industrial Relations (NI) Orders 1992/1993	■ Industrial Relations Act 1990
■ Trade Union and Labour Relations (NI) Order 1995	■ Industrial Relations Act 1946
■ Employment Rights (NI) Order 1996	■ Unfair Dismissals Act 1977
■ Shops (Sunday Trading) (NI) Order 1997	■ Employment Equality Act 1998
■ Industrial Tribunals (NI) Order 1996	

- 3.52 The Industrial Tribunal and Fair Employment Tribunal in the North deal with the majority of employment claims. The Fair Employment Tribunal has exclusive jurisdiction over discrimination claims on the grounds of religious belief and political opinion. It is also possible to sue for breach of contract in the civil law courts, namely the County or High Court. Parties involved in tribunal claims will be offered conciliation services by an officer from the Labour Relations Agency to try and resolve the matter before it reaches the tribunal.
- 3.53 In the South, the Labour Relations Commission performs a similar role to the Labour Relations Agency in the North. The primary purpose of the Commission is to resolve trade disputes through conciliation without reference to the Labour Court. The Commission investigates each industrial dispute and the Labour Court may become involved if the Commission reports that no further efforts will advance some form of resolution. The Director of Equality Investigations deals with equality issues under the Employment Equality Act 1998 and Equality Officers will hear claims under Southern anti-discrimination legislation. The Labour Court performs the appellate function in this area also.
- 3.54 The Rights Commissioner can hear individual complaints under various Southern legislation, including unfair dismissals, payment of wages, maternity, and employment terms and working time. The hearings are heard in private and they are relatively informal. Parties may appeal the Equality Rights Commissioner's recommendation to the Labour Court within six weeks after the recommendation. As in the North, the Rights Commissioner can order either compensation, re-instatement or re-engagement in cases of unfair dismissal.
- 3.55 Any complaints in the North to an industrial tribunal must be made within three months of the act complained of occurring in general. Appeals from the tribunal can be made to the Court of Appeal on a point of law. Reviews of the tribunal decision are possible only where the Tribunal has been procedurally remiss but not on the grounds that a party disagrees with the decision.
- 3.56 The Equality Commission in the North provides advice and assistance to applicants taking claims of discrimination and although it has the power to investigate certain employers to ensure fair employment and fair participation in the workplace the only arena for dealing with complaints is the tribunal itself.
- 3.57 The Employment Appeals Tribunal in the South deals with claims and appeals under legislation dealing with redundancy, unfair dismissal, payment of wages, maternity and parental leave. The tribunal hears appeals from the Commissioner's recommendations. There are strict time limits applicable in the course of proceedings as there are in the tribunal system in the North. Tribunals in both the North and South cannot award legal costs, so that each side will usually bear its own costs. In addition, both systems allow for frivolous and vexatious claims to be penalised by an award of costs against the party concerned. Appeals in the South from the Employment Appeals Tribunal in relation to unfair dismissal can be made through the Circuit Court within strict time limits depending on the nature of the claim.
- 3.58 The legal structures in place in the two jurisdictions are constituted in contrasting ways although as far as individual workers are concerned, they possess comparable remedies to seek enforcement of their employment rights.

## IV Conclusions

- 4.1 In summary, there is a very high level of harmonisation on both sides of the border. Overall, whether from the perspective of employment practices or individual entitlements, the nature of employment law is increasingly similar.
- 4.2 In each jurisdiction, there are very many areas in which the applicable legislation is indistinguishable, or almost so. This arises principally from the impact of EU law and the common approach adopted by the respective governments in implementing this legislation. Perhaps one of the major impacts that EU membership has had is the removal of the perceptions of disharmony and separation on either side of the border in relation to freedom of movement in the employment sphere.
- 4.3 However, it is still worth noting the subtle variances in law and perception that continue to arise. Thus, for example, the high level of harmonisation removes any barriers to mobility for full-time workers. However, there is a notable disparity in the specific area of casual employment with a greater level of protection conferred on casual workers in the South who are generally guaranteed some measure of pay unlike their counterparts in the North.
- 4.4 With regard to many of the areas inspired by EU law there is broad similarity, North and South particularly in paternity, equality and working time legislation. Indeed, these areas tend to sum up the conveyance of law that is distinguished only in minor, almost irrelevant, detail. Certainly, any impact or perceptions felt by workers moving into the opposite jurisdiction would be negligible.
- 4.5 It is unlikely that divergent treatment of redundant workers in regard to termination of employment would lead to a barrier to mobility as it is arguably the last consideration when moving cross-border for employment. Further to this, very few people would be even aware of the preferable situation in the South for the majority of redundant employees.
- 4.6 Perhaps the most notable difference is in relation to recruitment and the legal framework in the North which vigorously outlaws discrimination on several fronts. While the spirit of similar legislation exists in the South, the legal process is not tried and tested to the same degree that occurs in the North. The legislative and substantive case law, especially in fair employment and sex discrimination actions, have acted on a catalyst for employers in the North to ensure rigorous recruitment methods. Conversely, there is a real perception of finding employment easier to come by in the South leaving a possible barrier to those wishing to move in the other direction. This is despite the golden principle of freedom of movement which cannot take into account the socio-economic complexities of life on this small island.

**EIII – Taxation and Social Security**  
**Working Paper**

## **I Introduction**

- 1.1 Taxation and social security are areas that affect every individual.
- 1.2 *The purpose of this Working Paper is to set out in summary form matters of particular relevance in respect of taxation and social security that have arisen as a result of information obtained regarding obstacles to cross-border labour mobility. This working paper should not be used for any other purpose.*

## II Background and context

### Background

- 2.1 The existence of different tax regimes and social security systems in the North and the South is a major factor to consider when individuals are considering moving job and/or home.
- 2.2 Individuals considering moving or taking employment in the other jurisdiction are faced with a number of issues and potential difficulties.
- 2.3 Some of these concerns are perceived and are not necessarily as big a hurdle as envisaged, but there are some genuine difficulties. In this report, we have addressed the main issues affecting individuals on both sides of the border and where possible have offered practical approaches in addressing these “barriers”.
- 2.4 We considered a useful method of covering the issues was to list them all initially and then comment on them in the report. The issues can be different depending on the circumstances of the individual, i.e. persons living in one jurisdiction and working or seeking work in the other or persons who live and work in one jurisdiction but who have either have moved, or wish to move, to go to live and work in the other jurisdiction.
- 2.5 The issues discussed in this report include the following:
  - PAYE;
  - Tax and personal allowances;
  - Social security payments and benefits;
  - Impact on subcontractors and self employed; and
  - Tax and social security reporting requirements (compliance).

### III North/South Taxation Differentials

#### PAYE

- 3.1 The Revenue authorities both North and South have implemented an income tax system for employees of Pay As You Earn. This results in the employer making deductions each week/month of tax and social security from the employee's pay. However the income tax rates, personal allowances available, the social security rates and the bands for taxation vary between North and South, and as a result take-home pay differs in each jurisdiction.
- 3.2 If a person is resident in the North and takes up an employment whose duties are exercised in the South, PAYE will be operated on the earnings from that employment in accordance with the rules of the South, despite the fact that the person is resident in the North and vice versa.

#### Tax Rates

- 3.3 One perception for individuals resident in the North is that the tax is much higher in the South and therefore opportunities in the South become less attractive. Whilst this may be more accurate in the past, recent budgets in the South have reduced tax rates and have extended tax bands. This has reduced the variance between the take home pay between North and South and indeed for lower paid individuals there is now little difference. We have shown examples in Appendix A. These examples have been based on pound for punt exchange rates although it has to be acknowledged that due to the current exchange rates, the person living in Belfast, but working in Dublin will need a significantly higher salary than if he/she was living and working in Belfast.

#### Cross-Border Relief

- 3.4 One major obstacle for employees living in the South, but working in the North was removed in 1998. The relief known as cross-border relief was introduced with effect from 6 April 1998 and is designed to give income tax relief to individuals who are resident in the South but who work outside the South. It effectively removes earnings from a "qualifying employment" from liability to Southern tax where UK tax has already been paid. This proves very attractive to residents living in the border counties of the South who can benefit from the lower tax rates in the North and the strength of Sterling. So for example Person A living in Dundalk but working in Newry will be better off than Person B living in Dundalk, receiving the same gross wage as Person A, but working in Dundalk.

#### Double Taxation Relief

- 3.5 Double taxation relief is available to the Northern employee who works in the South and pays Southern tax. The employee in the North can claim credit for the Southern tax paid on his/her Northern tax return, which should result in no additional Northern tax being due as the Southern tax deducted is likely to exceed the Northern liability. No refund of the excess Southern tax deducted can however be made.

#### Compliance

- 3.6 The process of registering for tax/social security in the South requires the individual to go in person to the nearest office of the Department of Social, Community and Family Affairs, where he will be required to complete a personal public services (PPS) application form to obtain his PPS number.
- 3.7 Following receipt of his PPS number he must apply to his tax district in the Republic for his tax free allowance certificate. (form 12A).
- 3.8 The system in the North is different and the individual will have to apply to two separate offices to be registered for tax and National Insurance. For tax, the individual will have to sign a new start form (P46) which will be given to him by his employer and submitted to the tax office by the employer. To ensure that he/she goes onto the correct cumulative code number he/she will have to complete a form P86 which is for employees coming to the North.
- 3.9 To obtain a national insurance number the individual has to phone the nearest Social Security office, which he can find in the telephone directory and arrange a meeting. At the meeting he will be asked to produce

identification such as a passport and complete an application form.

- 3.10 This form will be processed by the social security office and it will take between eight to twelve weeks before the number is posted.

### **Tax Year**

- 3.11 The Southern tax year at present is the same as the Northern tax year, i.e. 6 April to 5 April, which makes completing tax returns in the relevant state that bit easier. However, from 1 January 2002 the Southern tax year is changing to a calendar year. Employees will no longer be able look at their end of year pay and tax certificate and simply slot the figures after exchange adjustments onto their Northern tax return.
- 3.12 This will pose a particular difficulty to the individual living in the North, but working in the South who has to complete a Northern tax return. The final date of filing for Northern tax returns before imposing a penalty is 31 January following the end of the tax year. As the South's year end will be 31 December, i.e. only one month before the end of the filing period it leaves a very short timescale for the Northern resident to obtain all the necessary information needed to complete his Northern tax return.
- 3.13 There is experience of this difficulty already as some other countries such as the US have the calendar year as their tax year. However, the number of individuals this currently affects is limited. From 2002 this number will increase substantially and whilst it is probably not something that is foremost in an individuals mind when they are considering moving, it will undoubtedly cause additional stress after 31 December 2002.

### **Occasional employment in both states**

- 3.14 Many employers will send employees back and forward between sites in the South and the North. Potentially, the employer is liable to operate the Southern PAYE system in respect of remuneration paid for services in the South and Northern PAYE on the earnings relating to work performed in the North.
- 3.15 In practice however our experience to date has shown the Revenue Commissioners have accepted that a Northern resident paid by a Northern resident employer may still continue to have all of his or her income paid under the Northern PAYE system.
- 3.16 Unfortunately, it is also our experience that the Revenue authorities question the existence of a management charge in the accounts relating to an individual working in one state but employed by a company in the other State. The Revenue can use this as a reason to investigate the accounts and the operation of PAYE of the company.

### **Social Security**

- 3.17 The payment of social security for cross-border workers presents its own problems as it does not always follow the tax rules. Potentially an employee could be paying tax in one state and paying social security contributions in another.
- 3.18 This is a very difficult area for employees and employers.
- 3.19 We have experience of one client who has recently realised that they have deducted Northern tax correctly as the employees were continued to be paid from the plant in Fermanagh, but as the individuals are working in Cavan then PRSI should have been deducted, not Northern NIC which had been. This client will now have to go to the two Revenue authorities to determine if any agreement can be reached. The position is further complicated, as the employees may have claimed UK benefits to which they may not have been entitled.

### **Activities in one Member State**

- 3.20 As a general rule, a person employed in the territory of one Member State shall be subject to the legislation of that state even if the person resides in the territory of another Member State or if the place of business of

the undertaking or individual employing the person is situated in the territory of another Member State.

- 3.21 For example a person employed in Donegal but who lives in Limavady will be subject to the legislation of the South.

### **Activities in Two Member States**

- 3.22 Further difficulties arise when the individual is working in both the North and the South. Where this happens the Member State where the individual lives and where his/her habitual centre of interests is situated will be responsible for deducting social security.

### **Temporary transfer within two Member States**

- 3.23 The general rule for social security within the EU is that if a person is employed in one State he shall be subject to the legislation of that State even if he resides in the territory of another Member State. However, this rule does not apply in the case of persons who are posted from one Member State to another and the posting is not expected to exceed 12 months. In these circumstances the employee and the employer can continue to pay their home country's social security so long as they have a Certificate of Coverage ( Form E101).

## **IV North /South Social Security Differentials**

### **Benefits available**

- 4.1 One major concern individuals have when considering employment in another state is what effect it will have on their benefits, both short term and long term.
- 4.2 Short absences for holidays abroad do not affect most benefits. Continued entitlement to benefit depends on whether or not the individual is leaving the State permanently and the type of benefit.
- 4.3 In both temporary or permanent absence, if the individual requires payment of the benefits to be made whilst abroad he/she must contact the local security office and the appropriate benefits branch for centrally paid benefits.
- 4.4 The individual will be asked to provide the following information:
- Name and National Insurance number / PRSI number;
  - The address abroad;
  - The date of departure from the state;
  - The method of payment required;
  - Whether the absence will be temporary or permanent (if temporary, how long will it last);
  - whether the spouse and/or child(ren) will be going also
- 4.5 Individuals leaving the North to work in the South have expressed concern regarding their eligibility to Working Family Tax Credit and the new Children's Tax Credit which commences on 6 April 2001. If the husband and wife are both leaving the North permanently then the tax credits will not be due, but if the absence is only temporary or if one spouse remains in the North then the credits could continue to be paid assuming the other qualifying conditions are met.
- 4.6 Although arguably of decreasing value, individuals remain concerned regarding their state retirement pension and how it is affected by working in another state. The retirement pension in both states is dependent on the number of years' contribution in that particular State.
- 4.7 For example, Brian worked in County Antrim for 25 years as an electrician. His company asked him to relocate to Drogheda to become their foreman for their new business. Brian and his family moved to Drogheda where he continued to work for 20 years before retirement.
- 4.8 Brian is entitled to his Northern state pension based on his 25 years contributions and to his Southern state pension based on his 20 years contribution. He will of course have to have advised the Northern authorities of his departure and of his new address in Drogheda.

## V Subcontractor Taxation Differentials

### Background

- 5.1 The National Development Plan (NDP) sets out the future development needs of the South. The vision of the NDP is to ensure that the South will remain competitive in the global international workplace and that economic success will be shared more equally at regional levels and throughout society.
- 5.2 The NDP will involve an investment of almost £41 billion over the period 2000-06. On housing alone it is estimated that 10,000 new houses p.a. will be built over the duration of the plan at a cost of IR£6bn.
- 5.3 Employment in the Irish construction industry has grown rapidly during the 1990s. Between 1994 and 1999 the number of workers employed in the industry doubled. Today, the Construction Industry Federation (CIF) estimates that there are 160,000 directly employed. However, the number is insufficient to maintain the South's current construction boom, never mind to cope with the additional work envisaged in the NDP. During the period 1994-1998 most of the new construction jobs were filled by Irish emigrants returning home, and by workers remaining in the South who might otherwise have emigrated. More recently, workers from the North and other parts of the UK have met the demand.

### Difficulties facing the Northern contractor

- 5.4 The UK subcontractors exemption certificate CIS5 or CIS6 and registration card will have absolutely no relevance to the work they carry out across the border.
- 5.5 In the absence of appropriate documentation from the Irish tax authorities, contract receipts may be subject to a 35% tax deduction on the gross amount (including materials and VAT element). They may be required to deduct 35% tax on all payments made to their subcontractors and they must register for VAT in the South immediately.

### Example of tax deductions

- 5.6 On a contract value of £100,000, the contractor will deduct 35% tax before making payment to the builder resulting in a net payment of £65,000. The builder has to subcontract bricklayers, electricians, etc at a cost of £50,000. The builder has to deduct tax at 35% from this amount.

### Typical Symptoms

- 5.7 Severe cash flow difficulties arising from 35% deduction of tax and difficulties in obtaining refund and an erosion of contract profitability.

### Repayment

- 5.8 It is possible to claim a refund of the tax deducted, but the claimant should be prepared to wait at least four weeks after all the information requested has been submitted. Claimants are not always aware of their tax compliance responsibilities and this can further delay the refund.
- 5.9 The best way to overcome problems of having to reclaim 35% tax credits is to avoid the deduction in the first case, i.e. obtain a "Certificate of Authorisation" in advance. This certificate is known as a "C2" and can be obtained reasonably easily if known about in advance.
- 5.10 The subcontractor must show that he has a fixed place of business which can be North or South, he keeps proper and accurate business records; and he has a satisfactory tax record.

### Taxation of profits

- 5.11 The problem for contractors in the North working in the South arises regarding the permanent place of establishment which, if the authorities in the South deem to be in the South, the subcontractor will be taxed in accordance with the Southern rates.
- 5.12 The Revenue Commissioners in the South take contracts at one particular site lasting greater than six

months as representing a permanent place of establishment in accordance with the Double Taxation Agreement between the North and South.

### **Southern Subcontractor working in the North**

- 5.13 Southern subcontractors working in the North are not as commonplace as Northern subcontractors working in the South due to the economic climate, but they too have difficulties when it comes to tax deduction and exemption certificates.
- 5.14 From 1 August 1999, a new Construction Industry Scheme has operated in the North where all subcontractors without a certificate working in the North have to produce a registration card before they receive payment.
- 5.15 If a Southern resident subcontractor carrying on business in the North wishes to obtain a certificate which enables him/her to receive payments without deductions, he/she must prove that he/she has proper business records and a "clean" tax record. From 1 August 1999 in order to obtain a Certificate, his/her construction turnover net of materials will also need to be at least £30,000 per annum.

### **Business Profits for the Self Employed**

- 5.16 Business profits are taxable in the State in which they arise unless there is a permanent establishment in the other State when the profits applicable to the permanent establishment will be taxed in the other State. Any tax payable in the other State will be available as a credit against the tax payable in the State on the same profits.

## Annex

**Table 1 Income Tax – Personal Allowances**

<i>North 2000/01</i>		<i>South 2000/01</i>	
Single person's allowance	£4,485	Single person's allowance	£4,700
Married Couple's allowance	Nil	Married person's allowance	£9,400
Relief for personal allowances is restricted to standard rate only in 2000/01 as was the case in 1999/00.			

**Table 2 Income Tax – Tax Rates**

<i>North 2000/01</i>	<i>South 2000/01</i>	
<b>Rate Band</b>	<b>For married couples with two incomes, where the wife's income treated as the Husband's:</b>	
10% up to £1,520	First IR£34,000 (Note 1)	22%
22% £1,520 - £28,400	Balance	44%
40% above £28,400	NB Assuming that both spouses are earning a minimum of £6,000	
	<b>For same situation as above but with only one income:</b>	
	First IR£28,000	22%
	Balance	44%
	<b>For all other persons:</b>	
	First IR£17,000	22%
	Balance	44%

**Table 3 UK National Insurance Rates**

<i>Per Week</i>	<i>2000/2001 Employee %</i>	<i>2000/2001 Employer %</i>
£0–£76	0	0
£76.01–£84	10	0
£84.01–£535	10	22.2
Over £535	(Max) £45.90	12.2

**Table 4 Southern PRSI Rates**

<i>Per Week</i>	<i>2000/2001 Employee %</i>	<i>2000/2001 Employer %</i>
Class AO Earnings £30–£226 pw	0.0%	8.5%
Class AX (Earnings £226–£280 pw)		
£0–£100	0%	8.5%
£101–£280	4.5%	8.5%
Class A1 (Earnings £280 & over pw)		
£0 - £100	2.0%	12.0%
Balance (Note 1)	6.5%	12.0%

Note 1: For Class A1 an employee does not pay PRSI once earnings exceed £26,500 p.a. but will continue to pay 2% on earnings over this limit. Employers do not pay PRSI once earnings exceed £36,600 p.a.

**Table 5 Resident in the South or the North – Working in the South**

	2000/2001	
	Scenario 1 £	Scenario 2 £
Salary	15,000	35,000
Taxable Income	<u>15,000</u>	<u>35,000</u>
15,000 @ 22%	3,300	
17,000 @ 22%		3,740
18,000 @ 44%		7,920
Less tax credits re allowances		
Personal allowances £4,700 @ 22%	(1,034)	(1,034)
PAYE allowance £1,000 @ 22%	(220)	(220)
<b>Total Tax</b>	<b>2,046</b>	<b>10,406</b>
PRSI (Employee):		
5,200 @ 2%	104	104
9,800 @ 6.5%	637	
21,300 @ 6.5%	1,384	
8,500 @ 2%	<u>-</u>	<u>170</u>
<b>Total PRSI</b>	<b>741</b>	<b>1,658</b>
Net Pay	12,213	22,936
<b>PRSI Employer</b>		
15,000 @ 12%	1,800	-
35,000 @ 12%	-	4,200

**Table 6 Resident in the South or the North – Working in the North**

	2000/2001	
	Scenario 1 £	Scenario 2 £
Salary	15,000	35,000
Less Personal Allowances	4,385	4,385
Taxable Income	<u>10,615</u>	<u>30,615</u>
1,520 @ 10%	152	152
9,095 @ 22%	2,001	-
26,880 @ 22%	-	5,914
2,215 @ 40%	<u>-</u>	<u>886</u>
	2,153	6,952
<b>National Insurance (Employee):</b>		
3,952 @ 0%	0	0
11,048 @ 10%	1,105	2,387
	<u>1,105</u>	<u>2,387</u>
<b>Net Pay</b>	<b>11,742</b>	<b>25,661</b>
<b>National Insurance (Employer)</b>		
<b>4,368 @ 0%</b>	0	0
<b>10,632 @ 12.2%</b> 1,297	-	-
<b>30,632 @ 12.2%</b> -	3,737	-

**Table 7 Comparison of Net Pay, Tax and Employers Costs (Assuming £1 = IR£1) 2000/2001**

	<i>The North</i>		<i>The South</i>	
	<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Scenario 1</i>	<i>Scenario 2</i>
	£	£	£	£
Gross Salary	15,000	35,000	15,000	35,000
Income Tax	2,153	6,952	2,046	10,406
NIC/PRSI	1,105	2,387	741	1,658
Net Pay	11,742	25,661	12,213	22,936
Employers NIC/PRSI	1,297	3,737	1,800	4,200
Total Employers Costs	16,297	38,737	16,800	39,200

# **Appendix F**

## **Public Meetings**

## Contents

	page
Introduction .....	F-3
Taxation, Social Security and Pensions .....	F-4
Education & Training .....	F-6
Financial Services .....	F-9
Transport, Communications, Car importation, Fuel costs .....	F-12
Animal health & Livestock movement .....	F-14

## **Introduction**

- 1 During the latter part of the study the North/South Ministerial Council convened two public meetings in Carrickmacross on Wednesday 16 May 2001 and Omagh on Tuesday 29 May 2001 to allow individuals and organisations in border areas to discuss their views on obstacles and solutions to mobility issues.
- 2 Each meeting was divided into a series of discussion groups under the main themes of the study. The results of these discussions are summarised in the following tables and are referenced in the main report under the relevant sections.

**axation, Social Security and Pensions**

Obstacles	High/Medium/Low	Solutions	Responsibility	Timing
<p><b>SOCIAL SECURITY:</b></p> <p>Group were agreed that the issue of social welfare differentials should also be included in the remit of this discussion, where appropriate.</p> <ul style="list-style-type: none"> <li>➤ Information – difficulties with flows/accessibility for individuals and administrators</li> <li>➤ Processes for accessing benefits: unwieldy – different channels/areas and requirements which must be satisfied. (Caveat that the exchange of personal information is strictly controlled as are the uses for which it can be employed – protection of the rights of the individual.)</li> <li>➤ Permitted duration of Social Welfare benefits when moving between jurisdictions.</li> <li>➤ Encouragement of the black/grey economy –response to the inflexibility of systems,</li> </ul>	<p>High</p>	<ul style="list-style-type: none"> <li>➤ Common Agency or common database which will provide relevant and targeted information – website/publications/location. At minimum, need for meaningful exchange of information between the two Administrations.</li> <li>➤ Must bear in mind that, at present, EU Regulations co-ordinate social security between the different Member States – these lay down common rules and principles which apply BUT do not harmonise the various systems. However, options need to be explored – for example, allowing posted workers to remain within their parent/home social security regime for the duration of their posting (at present, Regulations dictate that this may be for a maximum of 2 years, subject to the agreement of the Administrations of the sending and receiving Member States). Again relates back to provision of information – attuning employers, etc.</li> <li>➤ Existing, healthy co-operation in combating fraud/encouraging control arrangements.</li> <li>➤ NSMC should be involved in co-ordinating social security regimes: all-island focus required. Also need for cross-border proofing of all policies.</li> </ul>	<p>State</p> <p>State</p> <p>State</p> <p>State</p>	<p>Short to Medium Term</p> <p>Longer Term</p>

**taxation, Social Security and Pensions**

Obstacles	High/Medium/ Low	Solutions	Responsibility	Timing
<p><b>PENSIONS:</b></p> <p>Portability – three aspects raised</p> <ul style="list-style-type: none"> <li>➤ Information deficit again raised – lack of clear guidance/knowledge re requirements, qualification process – applies equally to State and occupational/personal pension arrangements.</li> <li>➤ Currency exchanges – particularly for social welfare (State) pensioners residing in one jurisdiction but receiving a pension from the other.</li> <li>➤ Personal/Occupational: transfer of pension arrangements – not just a cross-jurisdictional issue as also applies within one jurisdiction if changing employments which provide different pension schemes.</li> </ul>	<p>Medium</p>	<ul style="list-style-type: none"> <li>➤ State pensions already well regulated at EU level – therefore points to need to improve the communication and information-provision processes.</li> <li>➤ Personal/occupational pension arrangements: not regulated at present: may point to need for bilateral agreement. New Personal Retirement Savings Account in the South may lend enhanced portability and protection of existing entitlements within the State itself.</li> <li>➤ Need for cross-border proofing of all policies.</li> </ul>	<p>State</p> <p>State</p>	<p>Long Term</p>
<p><b>TAX:</b></p> <ul style="list-style-type: none"> <li>➤ Perception that the tax regime in the South so different (stringent) as to hinder mobility</li> <li>➤ Lack of information on requirements, procedures, etc.</li> <li>➤ Difficulties in establishing companies in the South (new C2 requirements, etc); ditto requirement that Northern companies must have a Southern resident as a Director and must be able to show a Southern tax record.</li> </ul>	<p>High</p>	<ul style="list-style-type: none"> <li>➤ Need for pro-active, business-friendly and joint approaches</li> <li>➤ Convergence is already happening with continuing benign tax regime in the South</li> <li>➤ Need for cross-border proofing of all policies.</li> </ul>	<p>State</p>	<p>Not discussed.</p>

## Education and Training

Obstacles	High/Medium/ Low	Solutions	Responsibility	Timing
<p><b>Most Important Obstacles</b></p> <ol style="list-style-type: none"> <li>1. Mindsets</li> <li>2. Transferability between the two systems</li> <li>3. Access to Vocational Training on a cross-border basis</li> </ol> <p><b>1. Mindsets</b></p> <ul style="list-style-type: none"> <li>• A number of participants identified mindsets and mutual suspicion as being the greatest barriers to cross-border mobility in this sector.</li> <li>• Perceived differences are often greater than the real differences.</li> <li>• Even where rules are changed to facilitate cross-border access etc., there is no guarantee that bodies will implement the new rules fully and in the spirit in which they are intended.</li> </ul>	<p>High</p>	<p><b>Most Important Solutions</b></p> <ol style="list-style-type: none"> <li>1. Ongoing co-operation is required to ensure that there is contact and knowledge between the two systems.</li> <li>2. Greater co-operation and co-ordination between both systems to allow for more movement between them.</li> <li>3. Simplification of rules and regulations to allow cross-border access to training.</li> </ol> <p><b>Solutions</b></p> <ul style="list-style-type: none"> <li>• There is a need to promote co-operation and contact between the two systems. At present, there is too much reliance on individual initiatives and individual goodwill.</li> <li>• There is now a policy context and a political structure in place in the Education sector i.e. the NSMC. This should now be used to provide leadership, co-ordination, funding and investment on an all-island basis.</li> <li>• Appointment of a North/South officer in the Department of Education and Science in Dublin is a very welcome development. Helps to promote North/South awareness in the sector.</li> </ul>		

## Education and Training

Obstacles	High/Medium/ Low	Solutions	Responsibility	Timing
<p style="text-align: center;"><b>2. Transferability Issues</b></p> <ul style="list-style-type: none"> <li>• The two systems have evolved differently and this can lead to difficulties in transferring between them, especially at second level.</li> <li>• Mutual recognition of qualifications is required. This can be important for example when a student, having completed a course in one jurisdiction wants to do an add-on course in the other.</li> <li>• Also need recognition of teaching qualifications in order to promote greater mobility of those working in the sector. Irish language requirement in the South also acts as an obstacle for teachers wishing to move to the Southern system.</li> </ul> <p style="text-align: center;"><b>3. Barriers to Cross-Border Training</b></p> <ul style="list-style-type: none"> <li>• Some training schemes in the North cannot be accessed by residents of the South and vice versa.</li> <li>• In other cases, access is allowed, but the trainees are not entitled to the same training allowances which effectively precludes them from availing of the courses</li> </ul>	<p style="text-align: center;">High</p>	<ul style="list-style-type: none"> <li>• The Review of curricula in both jurisdictions should allow for some co-ordination and closer alignment between them. The fact that experts from the South are part of the review process in the North is a welcome development.</li> <li>• Standardised systems of qualifications such as the National Council for Vocational Awards (NCVA) system allow for easier transfers between the two systems. However, it was pointed out that such systems have not always been readily embraced by employers.</li> <li>• Mobility of teachers and workers in the sector would help to increase knowledge of each system and hence facilitate transfers between them. Good will on the part of individual teachers, Education and Library Boards etc. can also help when a transfer does take place.</li> <li>• The regulations should be reformed to allow for recognition of teaching qualifications and to facilitate cross-border mobility of teachers.</li> <li>• Rules and regulations governing cross-border access should be simplified.</li> <li>• Funding should be provided on an equal basis to trainees in both jurisdictions.</li> <li>• Need a closer working relationship between the Training and Employment Agency and FAS.</li> </ul>		

**Education and Training**

Obstacles	High/Medium/ Low	Solutions	Respon- sibility	Timing
<p><b>4. Other Issues</b></p> <ul style="list-style-type: none"> <li>• Differences in legislation between both jurisdictions can lead to confusion over the rights of individual workers.</li> <li>• There is a need to apply the lessons from various pilot projects in the training area and to mainstream them.</li> <li>• The fee structure at third level in the North can act as a disincentive to Southerners to study at third level in the North.</li> </ul>				

**Financial Services (Banking, Insurance, Currency)**

Obstacles	High/Medium/ Low	Solutions	Responsibility	Timing
<p><b>Most Important Obstacles</b></p> <ol style="list-style-type: none"> <li>1. Currency issues relating to uncertainty caused by fluctuation.</li> <li>2. Bank charges for transferring money across the Border and lack of transparency relating to those charges.</li> <li>3. Insurance (car and business) in relation to extra charges for cross-Border coverage and uncertainty as to coverage in the other jurisdiction</li> </ol> <p><b>1. Banking Issues</b></p> <ul style="list-style-type: none"> <li>• Bank Charges for moving money across the Border including transfers between branches of the same bank.</li> <li>• Banks using standard charges regardless of amounts transferred.</li> <li>• Employers in one jurisdiction unwilling to lodge salary payments to Bank branches in other jurisdiction.</li> <li>• ATMs not on-line across the border to allow real-time checking of bank balances.</li> <li>• Cross-border workers from the North will not be able to avail of new Government Special Savings Scheme despite working in the South.</li> </ul>	<p>High/Medium/ Low</p>	<p><b>Most Important Solutions</b></p> <ol style="list-style-type: none"> <li>1. Difficult to identify solution given South's entry to Euro with the UK staying out. Suggestion that cross-border workers be compensated for fluctuations.</li> <li>2. Solutions relate to greater transparency in charges and greater use of electronic transfers which should not need to be charged.</li> <li>3. Solutions include greater competition and a willingness to see the Border as being an opportunity to be exploited and not just as a barrier – some companies are beginning to operate on cross-border basis.</li> </ol> <p><b>Solutions</b></p> <ul style="list-style-type: none"> <li>• Banks facilitate business customers by allowing for both punt and sterling accounts in the one jurisdiction – this could be extended to personal customers</li> <li>• Should be greater transparency in charges levied. Increased competition would help.</li> <li>• Greater use of electronic transfer. ATMs allow for cross-Border withdrawal – why not cross-Border electronic lodgements.</li> <li>• Could be changed with political will.</li> </ul>		



**Financial Services (Banking, Insurance, Currency)**

Obstacles	High/Medium/ Low	Solutions	Resp onsibility	Timing
<ul style="list-style-type: none"> <li>4. Payments in Public Sector Public Body in one jurisdiction cannot pay public body in the other jurisdiction for seconded employees as such payments would be seen to be appropriations in aid which must be surrendered to Exchequer.</li> </ul>		<ul style="list-style-type: none"> <li>This is an administrative rule which could be changed given the will to do so.</li> </ul>		

**Transport, Communications, Car Importation, Fuel Costs**

Obstacles	High/ Medium/ Low	Solutions	Responsibility	Timing
<p><b>Transport</b></p> <ul style="list-style-type: none"> <li>Differences in Driver Licensing regulations mean that certain persons licensed to drive mini-buses in the North are not licensed to drive them in the South. This impinges particularly on voluntary schemes in rural areas in the North, (to drive the minibuses in the South, the drivers must undertake a separate test for a DI license).</li> <li>Poor condition of national and secondary road network in border areas.</li> <li>Lack or comprehensive public transport system in Border areas. Only one cross-border rail link.</li> <li>Department of Education (NI) refusing to pay daily cost of students travelling from North to South to attend School. (particularly in regard to Irish Language Schools)</li> </ul> <p><b>Communications</b></p> <ul style="list-style-type: none"> <li>High and non-transparent mobile phone roaming tariffs</li> <li>Phones selecting networks from the other jurisdiction within 10 miles of the border</li> <li>Differences in land-line pulse rates leading to private cross-border phone networks costing 4/5 times that of networks entirely within either jurisdiction.</li> </ul>	<p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p>	<ul style="list-style-type: none"> <li>Harmonisation of licensing regulations North and South.</li> <li>Increased funding for roads and co-ordination of efforts North and South.</li> <li>Increased funding for public transport and co-ordination of efforts North &amp; South</li> <li>Equality of treatment on such issues irrespective of whether pupils are crossing the border to study.</li> <li>Single all-island tariff</li> <li>Harmonisation of systems North/South</li> </ul>	<p>DOE &amp; DOELG</p> <p>DOELG DRD &amp; Local Authorities</p> <p>DoPE, DRD &amp; Service Providers</p> <p>DoEd(NI)</p> <p>Service Providers Telecommunications Regulators</p> <p>Service Providers Telecommunications Regulators</p>	<p>MED</p> <p>Short/ Med</p> <p>Med/ Long</p> <p>Short</p> <p>Short</p> <p>MED.</p>

**Transport, Communications, Car Importation, Fuel Costs**

Obstacles	High/Medium/Low	Solutions	Responsibility	Timing
<p><b>Fuel Costs</b></p> <ul style="list-style-type: none"> <li>While fuel cost differentials actually lead to increased cross-border mobility, fluctuations have a de-stabilising effect on the economies in Border regions</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Co-ordinated fuel prices North &amp; South</li> </ul>	Revenue Commissioners Inland Revenue	MED/ LONG
<p><b>Car Importation</b></p> <ul style="list-style-type: none"> <li>Perception that process is cumbersome and expensive.</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Authorities should publish clear information on the process and costs.</li> </ul>	Registering Authorities, Inland Revenue, Revenue Commissioners	Short

## Animal Health / Livestock Movement

Obstacles	High/Medium/ Low	Solutions	Responsibility	Timing
<ul style="list-style-type: none"> <li>Poor marketing of Irish (N&amp;S) agricultural products abroad, especially N products</li> </ul>	High	<ul style="list-style-type: none"> <li>Joint marketing strategy</li> </ul>	Government	Now
<ul style="list-style-type: none"> <li>Animal Health issues – poor official communication and co-operation between Departments, N&amp;S</li> </ul>	High	<ul style="list-style-type: none"> <li>Increase in the no. of meetings at official level</li> </ul>	Depts	Now
<ul style="list-style-type: none"> <li>Anomalies in Premium Payments</li> </ul>	High	<ul style="list-style-type: none"> <li>Common approach/standardisation</li> </ul>	Depts	Now
<ul style="list-style-type: none"> <li>Different animal traceability systems employed N&amp;S</li> </ul>	High	<ul style="list-style-type: none"> <li>Common/shared animal movement tracing system</li> </ul>	Depts	Now
<ul style="list-style-type: none"> <li>Lack of harmonisation of agricultural education/training systems N&amp;S</li> </ul>	High	<ul style="list-style-type: none"> <li>Formal complementary linkages between education/training institutions N&amp;S</li> </ul>	Depts	Now
<ul style="list-style-type: none"> <li>Animal disease crises cause “shutdown” of rural/border areas and restricts movement of people</li> </ul>	High	<ul style="list-style-type: none"> <li>Reduce risk of disease</li> </ul>	Govt/ farmers/ general public	Now

## **Appendix G**

# **Analysis and Evaluation of Barriers to Mobility**

## Contents

Survey of Individuals .....	G-3
Survey of Recruitment Agencies .....	G-8

## Survey of individuals

### Barriers to Mobility

G.1 The potential barriers to mobility are analysed under a number of headings: taxation; social expenditures; education, training, qualifications and employment law; and services. The responses of individuals to the questionnaire have been considered under each of these topics. See chapter 4 for further details.

### Taxation

G.2 Under taxation, direct taxes, indirect taxes and Vehicle Registration Taxes are discussed. As Table G.1 shows, direct taxes are perceived as a barrier to labour mobility for two-thirds of respondents i.e. those rating it as very or fairly important. Respondents from the South considered it to be more important than those from the North. Indirect taxes are also perceived as a barrier – though by a lower proportion of respondents than in the case of direct taxes. Altogether, 46.3% of respondents rated indirect taxes as important, as Table G.2 indicates.

**Table G1: Direct Taxes Including Income Tax – % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	28.9	36.8	15.8	5.3	13.2	100.0
South	36.8	36.8	15.8	5.3	5.3	100.0
Total	31.5	35.2	16.7	5.6	11.1	100.0

Source: Indecon/PWC Survey.

**Table G2: Indirect Taxes Including VAT – % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	21.1	21.1	26.3	10.5	21.1	100.0
South	26.3	31.6	10.5	10.5	21.1	100.0
Total	22.2	24.1	22.2	9.3	22.2	100.0

Source: Indecon/PWC Survey.

G.3 Vehicle importation and registration costs represented a very significant barrier to labour mobility in the view of individual respondents: almost 60% felt it was either very or fairly important. A higher proportion of respondents from the South felt that this was very important (47.4%) with a further 21.1% rating it as fairly important. This issue primarily affects frontier workers from the South travelling to the North, in addition to migrant workers moving from the North.

**Table G.3: Vehicle Importation and Registration - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	23.7	31.6	18.4	13.2	13.2	100.0
South	47.4	21.1	15.8	5.3	10.5	100.0
Total	31.5	27.8	18.5	9.3	13.0	100.0

Source: Indecon/PWC Survey.

## Social Expenditures

- G.4 The provision of various social services was also considered in the survey. Social security was rated as important by a significant majority of respondents – almost two-thirds in all. This was slightly higher for the Southern respondents (68.4% rated it as important at some level).
- G.5 These rankings primarily reflect concerns about benefit eligibility and entitlements for both frontier and migrant workers. Overall, there seems to be a lack of information or understanding on these issues. This is a recurring theme that is addressed in detail in subsequent chapters.

**Table G.4: Social Security - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	21.1	42.1	21.1	5.3	10.5	100.0
South	36.8	31.6	21.1	0.0	10.5	100.0
Total	24.1	38.9	22.2	3.7	11.1	100.0

Source: Indecon/PWC Survey.

- G.6 Table G.5 shows the results for pensions. Over 70 % of respondents identified pensions as an important issue, with 63.2 % of respondents from the South considering it to be very important. This is identified as one of the significant obstacles.

**Table G.5: Pensions - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	42.1	26.3	18.4	7.9	5.3	100.0
South	63.2	15.8	15.8	0.0	5.3	100.0
Total	46.3	24	18.5	5.6	5.6	100.0

Source: Indecon/PWC Survey.

- G.7 Not surprisingly, health expenditure was identified as an important issue for a high proportion of respondents, as the table shows. In total 72.2% felt that it was important with 46.3% of these regarding this as a 'very' important barrier.

**Table G.6: Health - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	42.1	26.3	15.8	2.6	13.2	100.0
South	57.9	26.3	5.3	0.0	10.5	100.0
Total	46.3	25.9	13	1.9	13.0	100.0

Source: Indecon/PWC Survey.

- G.8 Table G.7 presents information on childcare issues. This is unlikely to be of interest to all groups involved in cross-border mobility. However, it was recognised as very important by a higher percentage of respondents from the South in keeping with other issues.

**Table G.7: Childcare - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	15.8	13.2	26.3	13.2	31.6	100.0
South	31.6	15.8	21.1	5.3	26.3	100.0
Total	20.4	13.0	25.9	9.3	31.5	100.0

Source: Indecon/PWC Survey.

## Education

G.9 Respondents were also asked for their views on education and training issues. While a greater proportion of respondents from the North give some significance to education, a higher proportion of those from the South rate it as 'very' important. The results are set out in Table G.8.

**Table G.8: Education - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	21.1	42.1	21.1	2.6	13.2	100.0
South	36.8	15.8	21.1	5.3	21.1	100.0
Total	25.9	31.5	22.2	3.7	16.7	100.0

Source: Indecon/PWC Survey.

G.10 Table G.9 shows the results for training. These are broadly the same as those for education with over half of the respondents considering it to be important.

**Table G.9: Training - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	23.7	28.9	34.2	2.6	10.5	100.0
South	31.6	26.3	21.1	5.3	15.8	100.0
Total	25.9	25.9	31.5	3.7	13	100.0

Source: Indecon/PWC Survey.

G.11 Interestingly, the recognition of qualifications is identified as more important than education and training generally. Over 53.7% overall rank it as very important, with almost 74% in the South giving it this rating. Recognition of qualifications can potentially be a significant barrier for certain categories in the labour market.

**Table G.10: Recognition of Qualifications - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	44.7	15.8	15.8	13.2	10.5	100.0
South	73.7	5.3	5.3	0.0	15.8	100.0
Total	53.7	11.1	13.0	9.3	13.0	100.0

Source: Indecon/PWC Survey.

- G.12 Finally in this section, employment laws are seen as more significant in the South than the North, with almost two-thirds ranking this as important. The figures show that 42.1% of individuals responding in the South rated this as very important in contrast to 21.1% in the North.

**Table G.11: Employment Law - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	21.1	26.3	18.4	10.5	23.7	100.0
South	42.1	21.1	21.1	0.0	15.8	100.0
Total	27.8	22.2	20.4	7.4	22.2	100.0

Source: Indecon/PWC Survey.

## Services

- G.13 Lastly, individuals were asked a number of questions in relation to housing and services such as telecommunications, banking, insurance and transport. Housing is clearly a significant issue affecting mobility given the divergence in house prices between parts of the South and the North. This was reflected in the Survey with over 50% of the respondents considering it an important obstacle. Respondents from the North were more likely to highlight housing. This is also mirrored in other elements of the Study where housing costs feature prominently.

**Table G.12: Housing - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	34.2	23.7	26.3	5.3	10.5	100.0
South	15.8	21.1	15.8	10.5	36.8	100.0
Total	27.8	24.1	20.4	7.4	20.4	100.0

Source: Indecon/PWC Survey.

- G.14 Table G.13 show the results for Telecommunications charges. 42.6% of respondents felt telecommunications costs were an important issue.

**Table G.13: Telecommunications Charges - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	31.6	15.8	18.4	18.4	15.8	100.0
South	15.8	26.3	21.1	10.5	26.3	100.0
Total	24.1	18.5	20.4	16.7	20.4	100.0

Source: Indecon/PWC Survey.

- G.15 Banking was rated as important by 37 % of respondents with most of these stating that it was very important. It was considered to be a marginally more important obstacle for Northern respondents.

**Table G.14: Banking - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	36.8	5.3	31.6	18.4	7.9	100.0
South	31.6	5.3	15.8	15.8	31.6	100.0
Total	33.3	3.7	27.8	18.5	16.7	100.0

Source: Indecon/PWC Survey.

- G.16 Respondents were also asked about insurance costs. Table G.15 shows these results. Just over a quarter of respondents considered insurance costs to be an obstacle affecting mobility.

**Table G.15: Insurance Costs - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	23.7	7.9	36.8	15.8	15.8	100.0
South	21.1	5.3	15.8	15.8	42.1	100.0
Total	18.5	7.4	31.5	16.7	25.9	100.0

Source: Indecon/PWC Survey.

- G.17 The final obstacle related to transport services. Transport is seen as a particular problem given the underdeveloped road network in certain areas along the border. Half of the respondents rated transport services as an important barrier. The response proportions are broadly similar for both Northern and Southern respondents.

**Table G.16: Transport Services - % Responses**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>	<i>Total</i>
North	39.5	13.2	23.7	13.2	10.5	100.0
South	36.8	15.8	31.6	0.0	15.8	100.0
Total	35.2	14.8	27.8	9.3	13.0	100.0

Source: Indecon/PWC Survey.

## Survey of Recruitment Agencies

### Barriers to Mobility

G.18 The same approach as in the previous section was followed in analysing the obstacles to labour mobility identified by the recruitment agencies. It is important to note that the five agencies operating in the North also operate in the South. As a result, in the tables that follow the percentage data for the “South” are the same as the “total”. See chapter 4 for further details.

### Taxation

G.19 Direct taxes, including income tax, represent a very important potential barrier to North/South labour mobility according to the recruitment agencies; 62.5% rated it as a very important factor, with almost 20 % of respondents rating it as ‘fairly important’.

**Table G.17: Direct Taxes Including Income Tax**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>
North	60	40	0	0	0
South	62.5	18.75	12.5	6.25	0
Total	62.5	18.75	12.5	6.25	0

Source: Indecon/PWC Survey.

G.20 Indirect taxes, are considered to be less significant than direct taxation as a barrier: 37.5 % of respondents identified indirect taxes as either very or fairly important.

**Table G.18: Indirect Taxes Including VAT**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>
North	20	40	40	0	0
South	25	12.5	37.5	25	0
Total	25	12.5	37.5	25	0

Source: Indecon/PWC Survey.

G.21 Vehicle importation and registration costs were also considered. This was not seen as important by most of the agencies, in contrast to the views of individuals surveyed. However, over 37 % felt it very or fairly important.

**Table G.19: Vehicle Importation and Registration**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>
North	0	60	40	0	0
South	18.75	18.75	50	12.5	0
Total	18.75	18.75	50	12.5	0

Source: Indecon/PWC Survey.

## Social Expenditures

- G.22 Recruitment agencies were also asked to assess the importance of social security, pensions, health and childcare. Opinions are divided on the relative importance of social security: 50% regarded it as important with the same proportion considering it to be unimportant.

**Table G.20: Social Security**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>
North	40	20	40	0	0
South	37.5	12.5	43.75	6.25	0
Total	37.5	12.5	43.75	6.25	0

Source: Indecon/PWC Survey.

- G.23 Similarly, opinions are equally divided on the significance of pensions as a barrier to mobility. However, this factor appears to be of more importance in the experience of Northern respondents, than for those based in the South.

**Table G.21: Pensions**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>
North	40	40	20	0	0
South	25	25	43.75	6.25	0
Total	25	25	43.75	6.25	0

Source: Indecon/PWC Survey.

- G.24 A somewhat higher proportion - 62.5% in total - felt that health provision represented an important dimension to decisions regarding cross-border labour mobility. However, relatively few consider this to be 'very important'.

**Table G.22: Health**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>
North	0	80	20	0	0
South	18.75	43.75	37.5	0	0
Total	18.75	43.75	37.5	0	0

Source: Indecon/PWC Survey.

- G.25 Of the various social expenditure issues, childcare seems relatively more important than the others. Almost 70 % of respondents considered it to be important; this contrasts with the survey of individuals where only 33 % placed childcare in that category. Proportionately, this issue is seen as of greater significance by recruitment agencies in the South than the North.

**Table G.23: Childcare**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>
North	0	60	40	0	0
South	25	43.75	18.75	12.5	0
Total	25	43.75	18.75	12.5	0

Source: Indecon/PWC Survey.

## Education, Training and Qualification, and Employment Law

- G.26 While education appears to have some importance as a barrier, it does not appear to be particularly critical for recruitment agencies, and views tended to cluster around the middle range. The results are set out in Table G.24.

**Table G.24: Education**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/no answer</i>
North	0	80	20	0	0
South	0	50	37.5	6.25	6.25
Total	0	50	37.5	6.25	6.25

Source: Indecon/PWC Survey.

- G.27 A slightly higher proportion of recruitment agencies was prepared to give some significance to training. 56.25 % of agencies felt that training was important with most placing it in the fairly important category.

**Table G.25: Training**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/no answer</i>
North	0	80	20	0	0
South	6.25	50	31.25	6.25	6.25
Total	6.25	50	31.25	6.25	6.25

Source: Indecon/PWC Survey.

- G.28 The recognition of qualifications, however, has a somewhat greater significance with most of the respondents with offices in the North, and over half in the South regarding this issue as either very or fairly important. This is an area where agencies may have particular expertise.

**Table G.26: Recognition of Qualifications**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/no answer</i>
North	40	40	20	0	0
South	18.75	37.5	25	6.25	12.5
Total	18.75	37.5	25	6.25	12.5

Source: Indecon/PWC Survey.

- G.29 Views on the significance of employment law as a factor on labour mobility were somewhat spread as Table G.27 shows. The figures show that nearly forty four per cent perceived this as fairly important or very important.

**Table G.27: Employment Law**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/no answer</i>
North	0	60	40	0	0
South	12.5	31.25	37.5	18.75	0
Total	12.5	31.25	37.5	18.75	0

Source: Indecon/PWC Survey.

## Services

- G.30 Housing is identified as a particularly important factor, according to the findings. Over 80% of the recruitment agencies respondents identified this as very important, and almost all proposed that it was important at some level both in the North and in the South.

**Table G.28: Housing**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>
North	80	20	0	0	0
South	81.25	12.5	0	6.25	0
Total	81.25	12.5	0	6.25	0

Source: Indecon/PWC Survey.

- G.31 Telecommunications services were identified as fairly important by half of the recruitment agencies, with the remaining half considering these services as either not very important or not at all important. The results are included in Table G.29.

**Table G.29: Telecommunications Charges**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>
North	0	60	20	20	0
South	6.25	43.75	25	25	0
Total	6.25	43.75	25	25	0

Source: Indecon/PWC Survey.

- G.32 Table G.30 presents the views of recruitment agencies on the extent to which banking is felt to be a barrier to mobility. Half of the agencies felt that banking services were either a very or fairly important obstacle.

**Table G.30: Banking**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>
North	0	40	20	40	0
South	6.25	43.75	25	25	0
Total	6.25	43.75	25	25	0

Source: Indecon/PWC Survey.

- G.33 Recruitment agencies were also asked for their views on the importance of insurance costs as a potential obstacle. While it is not felt to be as important as some of the factors, almost one third of agencies thought it was a factor.

**Table G.31: Insurance Costs**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/ no answer</i>
North	0	40	20	40	0
South	6.25	25	43.75	25	0
Total	6.25	25	43.75	25	0

Source: Indecon/PWC Survey.

G.34 Transport services are also accorded some significance. Around 56% of the agencies rated transport services as being important. This is comparable to the findings of the survey of individuals.

**Table G.32: Transport Services**

<i>Individual Respondents</i>	<i>Very important</i>	<i>Fairly Total</i>	<i>Not very important</i>	<i>Not at all important</i>	<i>Don't know/no answer</i>
North	40	20	0	40	0
South	37.5	18.75	12.5	25	6.25
Total	37.5	18.75	12.5	25	6.25

Source: Indecon/PWC Survey.

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## Endnotes

1 A copy of this base information return is included in Appendix B.

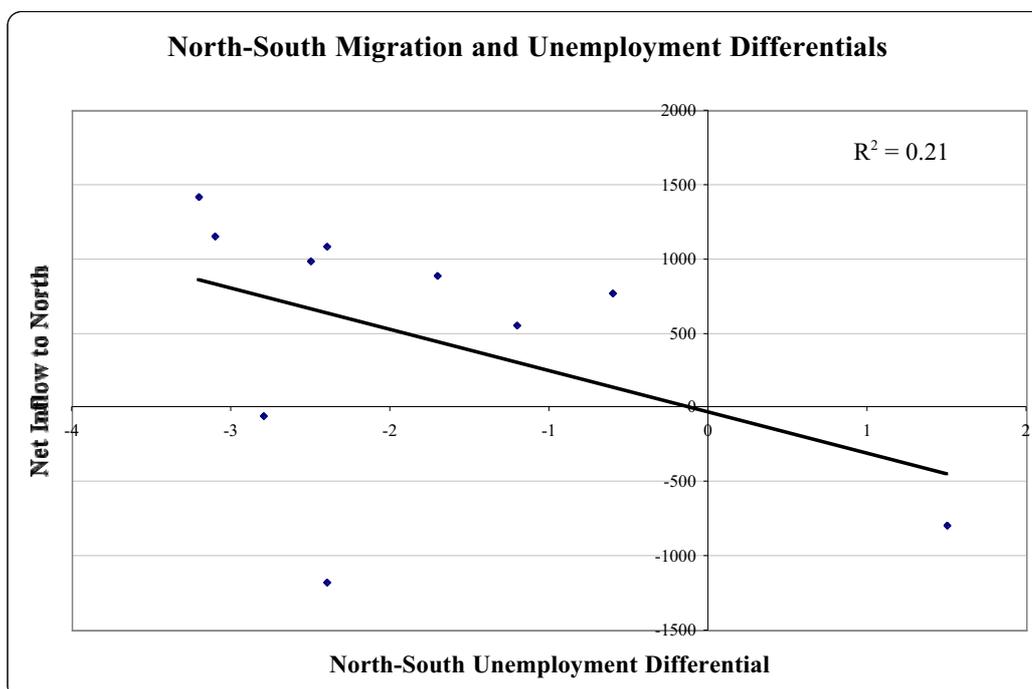
2 It should be noted that respondents from the South could have moved from the North and vice versa.

# **Appendix H**

## **Regression Analysis**

## Regression Analysis of North/South Migration and Unemployment Differentials

- 1 This section presents an Ordinary Least Squares (OLS) regression estimation of the relationship between North/South migration and unemployment differentials in the two jurisdictions. Once again, “Net Inflow” denotes the net flow of migrants into the North from the South, while “North/South Unemployment Differential” is defined as the unemployment rate in the North minus the unemployment rate in the South. The aim of this analysis is to estimate a simple linear relationship between these two variables.
- 2 The chart below suggests that there is a negative relationship between the two variables as defined above. This is demonstrated by the downward sloping trend line (fitted OLS regression line). This would tend to confirm the conclusions drawn in the discussion of the simple correlations earlier in this section.



- 3 The estimated OLS equation explaining this relationship is:

$$NI = -27.63 - 277.95UDiff$$

(-0.06) (-1.45)

where *NI* is the net inflow variable, and *UDiff* represents the unemployment differential. The numbers in parentheses are the t-statistics.

- 4 The t-statistic associated with the explanatory variable (*UDiff*) is equal to  $-1.45$ , and therefore we cannot reject the hypothesis that the coefficient on this variable equals zero. Furthermore, the  $R^2$  is quite low at 0.21, suggesting that only 21% of the variation in the dependent variable (net migrant inflows) is explained by variation in the North/South unemployment differentials (the regressor).
- 5 The correlations cited earlier suggest that the lag of the independent variable (*UDiff*) should be included in our estimated model. These correlations suggested that changes in net migration flows were associated with changes in the unemployment differentials in the previous year rather than in the current year. Hence, the relationship is re-estimated, this time including the lag of the unemployment differential variable

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(*UDiffLag1*). Once included, the new equation explaining net migrant inflows as a function of unemployment differentials is:

$$NI = -1366.75 - 26.74UDiff - 794.28UDiffLag1$$

(-2.19)    (-0.15)        (-2.50)

- 6 The R<sup>2</sup> associated with this regression is 0.62, suggesting that the model now explains 62% of the variation in the dependent variable. This suggests a better fit than the first model estimated (this is confirmed by the adjusted R<sup>2</sup> which equals 0.49). Furthermore, while the t-statistic is not significant for *UDiff*, it is significant at 99% confidence for *UDiffLag1*. This would again tend to confirm the earlier findings.
- 7 These simple OLS estimations suggest that there is a relationship between net migration and unemployment differentials, and that changes in the unemployment differential in a given year will lead to changing migratory flows in the following year. The results, however, also suggest that other factors including barriers to mobility may also be relevant in determining migratory flows.

# **Appendix I**

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North / South Ministerial Council  
An Chomhairle Aireachta Thuaidh / Theas  
39 Abbey Street, Armagh, BT61 7EB  
Telephone: (028/048) 3751 8068

Front cover shows the Senator George Mitchell Peace Bridge which links Counties Cavan and Fermanagh on the Aghalane to Belturbet Road. Picture courtesy of Bill McBurnie Photography, Enniskillen.