



Environmental Pillar
Working for a sustainable future

Dear [REDACTED]

Please receive the comments of the Environmental Pillar (in green) on a number of sections of the Country Report.

4.1.3

The tax system can be used for environmental policy while also generating revenue. The differences in the taxation of diesel and gasoline for road use are environmentally unjustified. In Ireland, diesel is taxed at a lower rate, although it emits more air pollutants. The tax advantage in favour of diesel currently stands at 11 cents per litre. An equal treatment of transport fuels would lead to environmental improvements.

The Environmental Pillar is calling on the government to increase the duty on diesel, over a five year period, to a level in excess of that on petrol to take account of the costs to society of the high health and mortality impacts of air pollution (DCCAE estimated 1200 deaths a year), much of which in Ireland is caused by diesel particulates. Please see page 30 of attached budget submission.

Other Polluter Pays proposals that respond to this section are also included in the Pillar 2017 Budget Submission attached.

4.5.2 Transport

According to the World Economic Forum's Global Competitiveness Index (GCI), Ireland ranks only 32nd for the quality of roads and 35th for railroad infrastructure, well below other EU countries. And yet, despite the growing problem of increased carbon emissions from transport, public transport investment continues to be at the bottom of the list.

4.5.4. ENERGY, RESOURCES AND CLIMATE CHANGE

Here Ireland is described as "falling behind its greenhouse gas emission reduction targets." This is euphemistic and inaccurate. We're not simply falling behind our reduction targets, we are increasing our emissions. See the EPA's latest projections to

2020: https://www.epa.ie/pubs/reports/air/airemissions/2020_GHG_Projections_2016_Bulletin.pdf

Would the Commission say we were falling behind on our credit card repayments when we're actually out spending more money? The net impact of transport and agriculture combined will be an increase of 5% in GHGs on the national carbon budget to 2020. Technical measures from the agricultural sector may deliver a mere 0.1-0.5% overall reduction

Similarly, the EPA's projections to 2035 are also for no reductions in emissions: <http://www.epa.ie/pubs/reports/air/airemissions/EPA%202015%20GHG%20Projections%20Publication%20Final.pdf>

The Irish authorities expect transport emissions, representing about 20 % of total emissions, to increase by 11 % between 2015 and 2020. This increase in transport emissions is largely due to the shortage of mass transit facilities around Dublin — which underlines the importance of additional investments in public transport and spatial planning (Section 4.5.2).

So where is the plan to address this? Where is the investment?

Transport capital spending in the last 16 years has focussed almost entirely on road building. From the climate, spatial planning and wellbeing perspectives a sea-change is needed here, with the bulk of capital spending being on public transport and cycling infrastructure.

The Energy Sector

The proportion of renewable energy is estimated to have reached 9 % in 2015, about half-way towards achieving 16 % EU 2020 target in Ireland.

According to Eurostat, Ireland is one of the 4 worst performers in the EU, despite having enormous renewable resources. Removal of fiscal blockages regarding micro-solar and anaerobic digestion are two examples of measures that could make substantial step changes here.

There is further scope to reduce landfill waste and increase separate waste collection. There are insufficient fiscal incentives to move away from residual waste treatment towards prevention and recycling.

There is no levy on incineration, which gives it a clear and substantial economic edge over recycling, re-use and prevention. See a suite of proposed environmental polluter pays levies in the Environmental Pillar 2017 budget submission attached.

Water

Recent decisions have created uncertainty around investment in water infrastructure. Water charges have been suspended for a period of nine months starting from July 2016

The Expert Commission completely dodged the question of metering and provided no mechanism for identifying consumers that exceed the "normal" usage. See submission to the Joint Committee attached.

Kind regards

Michael Ewing

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The Environmental Pillar

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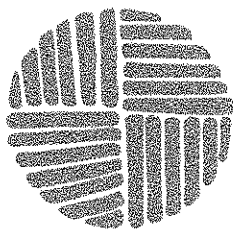
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web: www.environmentalpillar.ie

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Environmental Pillar members: An Taisce, Bat Conservation Ireland, BirdWatch Ireland, CELT - Centre for Ecological Living and Training, Coast Watch, Coomhola Salmon Trust, Crann, Cultivate, Curlew Trust, ECO-UNESCO, Feasta, Forest Friends, Friends of the Earth, Global Action, Gluaiseacht, Good Energies Alliance Ireland, Green Economy Foundation, Green Foundation Ireland, Hedge Laying Association of Ireland, Curlew Trust, Irish Peatland Conservation Council, Irish Seed Saver Association, Irish Whale and Dolphin Group, Irish Wildlife Trust, Native Woodland Trust, Sonairte, The Organic Centre, VOICE, Zero Waste Alliance Ireland.



Environmental Pillar

Working for a sustainable future

Proposals for the 2017 Budget



Putting the Environment to the Heart of the Economy

Environmental Pillar proposals for placing the 2017 Budget in the
context of Sustainable Development

31st August 2016

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**“The cost of inaction on Climate Change is
\$44,000,000,000.”**

Energy Darwinism II: Why a Low Carbon Future Doesn't Have to Cost the Earth
Citi Report 2015

1. Summary

This submission recommends ways of broadening the tax base and using the limited financial resources in a way that focuses on long term sustainability, whilst creating employment and stimulating the economy in the short term. Broadening the tax base can also reduce the complexity of the tax system, compliance costs and the costs of tax collection. This is particularly relevant in the light of the desire to cut the Universal Social Charge, and the need to free up development land for housing .

In making this submission we urge the Government to realise that Ireland actually faces three major and interlinked crises, firstly environmental, secondly social and thirdly economic. Whilst it is clear that the consequences of a very serious economic crisis are still very much with us, the consequences of rapid climate change and general environmental degradation are likely to be far worse, and without better decision-making now, major long term social, economic and environmental costs will be incurred.

Our economy needs to focus strongly on creating resilience to the outside forces of global change. In this context our government structures must support sustainable management of our natural environment and resources in order; to strengthen food and energy security, to decarbonise our energy systems, to mitigate the impacts of climate change and to ensure ‘eco-system services’ that provide public benefit are not further degraded. In fulfilling this requirement jobs will be created, imports reduced, energy saved, and the economy strengthened for both the long and short term.

Economic policy tends to focus on maximizing economic growth regardless of the effects on our ecological assets and human health and well-being. Ireland needs to protect its ecological assets which are at the core of our long-term wealth, health and well-being.

Greening the entire economy will be a driver for competitiveness, security of supply, including energy independence, and for sustainable employment¹.

It is the position of the Environmental Pillar that as decisions are made by government on the provisions for the Budget each decision must take into account the issues of sustainability and the full implementation of the “Our Sustainable Future” a Framework for Sustainable

¹ <http://environmentalpillar.ie/greening-the-economy-and-creating-sustainable-employment/>

Development for Ireland, as well as our responsibility to deliver on the UN Sustainable Development Goals².

Key Points

- Incorporate the legally binding Polluter Pays Principle into all aspects of the taxation policy
- Broaden the tax base, moving taxation away from incomes to taxes on consumption: focussing on environmental fiscal reform
- Tax environmental bads and remove subsidies that have negative impacts on the environment
- Green the VAT System
- Give tax relief for the establishment of new businesses that comply with strict sustainability guidelines
- Divest from all fossil fuel investments
- Incorporate Sustainability Analysis into all Capital Expenditure
- Increase Capital Expenditure that focuses on climate mitigation and adaptation, e.g. public transport and modal shifts
- Set a level of Carbon Tax that will encourage the move away from fossil fuels
- Introduce "Energy Tax and Share"
- Introduce an SSIA type scheme to encourage home energy retrofitting
- Introduce set mandatory tariffs for the purchase of electricity from domestic and community renewable energy sources
- Introduce a "Site Value Tax" as a fairer and more policy effective property tax
- Car charges that are based on vehicle use
- Equalise excise duty on motor diesel and petrol
- Distance-based charging of commercial vehicles and reform the commercial vehicle tax regime
- Replace the current flat rates for drinking water use with one based on a pay-for use basis, but with built in protections for those facing hardship, in a manner similar to the Household Benefits Scheme under the Department of Social Protection
- Restore the Environment Fund to at least its 2008-2010 level of c.€60million/annum by introducing new polluter-pays levies
- Allocate 16% of the National Lottery funds to work on the Natural Environment to both protect the environment and boost employment in rural Ireland
- Restore the capacity of the NPWS to fulfil its legal requirements in protecting the natural environment
- Restore the Heritage Council Funding to pre-crisis levels

² <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

“Economic decisions should only be taken when they have been placed in their environmental context”

Angel Gurría Secretary-General OECD³

2 Introduction

All financial decisions need to take into account that over many millennia our society grew out of the environmental context on which it is entirely reliant, and that our financial system grew out of and should be subservient to our whole society. Further, it is the environmental services that provide the essentials for human society in the form of clean water, good soils, clean air, a stable atmosphere, and a thriving biodiversity, and it is the uncontrolled exploitation and degradation of these services that has created this overriding environmental crisis that we all now face. The framing of the Budget should reflect the wisdom of the multi-faceted analysis that led to the formulation of the model of Agenda 21 in 1992⁴. Consequent on this and noting Ireland’s leading role in their formation, the Budget should create measures that help to fulfil Ireland’s commitment to the 2015 UN Sustainable Development Goals⁵. Further the budget must move to implement commitments under the Europe 2020 strategy on resource efficiency and climate change.⁶ This would also be consistent with the EU commitment to supporting Climate Action through the EU Budget.⁷

The use of the tax system to enable meeting climate change targets for 2020 and beyond is an essential component of fostering Irish compliance with its EU and UNFCCC obligations. These are national priorities to ensure Ireland plays its part in efforts to meet the climate change objectives agreed to by the Irish government in Paris in December 2015, and about to be ratified by all EU Member states.

The Climate Action and Low Carbon Development Act 2015 contains no targets or sanctions to ensure the necessary decoupling of economic and emissions growth occurs. Fiscal deterrents and incentives therefore offer a means of ensuring that the required emissions reductions occur.

³ Speaking at the Launch of the “OECD Environmental Performance Reviews- Ireland – Conclusions and Recommendations”, in Trinity College, Dublin 4th November, 2009

⁴ Agenda 21 addresses the critical issues we face as a global community: continuing damage to ecosystems, the worsening of poverty, hunger and ill health, increasing world population and illiteracy. Agenda 21 is composed of 40 chapters that identify each challenge and propose simple realistic solutions towards sustainable development which is defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs.

⁵ <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

⁶ <http://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf>

⁷ European Union funding contributes to achieving Europe’s climate goals. The EU has shown its commitment to the fight against climate change by incorporating spending on climate action into its whole budget. It is thought to be the first region in the world to do so. http://ec.europa.eu/clima/policies/budget/index_en.htm

It is important that, in any form of crisis management, decision-making does not lose sight of longer term goals or undermine the basis of a more sustainable future, i.e. one where natural capital is not compromised and where an ecosystem approach is included in national decision-making including (The Economics of Ecosystems and Biodiversity (TEEB)⁸). This is consistent with the Resource Efficiency Flagship Initiative of the EU 2020 Strategy, and underpins future drivers for a new type of 'growth'. Government cross-departmental solidarity is also essential in making the right decisions based on the greater good rather than the interests of a particular department's constituency.

In this context it is startling to note the manner in which Government has allowed the 33% decline in the Environment fund since 2010, with 2/3 of that decline taking place in 2015, at a time when general Government revenues are steadily increasing. The polluter pays basis of the fund which is built around landfill and plastic bag levies is clearly having the desired impact - less waste to landfills and fewer plastic bags in circulation. All this is good news. However the many good environmental causes supported by the Fund have either been steadily cut or abandoned.

Despite plenty of advance knowledge Government has failed to act and when the Poolbeg incinerator comes into operation next year the Fund is likely to reach a low of 15-20% of its 2010 levels. At the same time the Heritage Council and the NPWS have had their funding slashed beyond recognition, 14% and 67% in the life of the last Government since 2012 alone.

Cuts in Exchequer Funding	2012	2013	2014	2015
NPWS	€5.943m	€5.567m	€4.381m	€3.871m
Heritage Council	€1.969	€1.781m	€1.688m	€1.688m

Combined with the failure of government to allocate National Lottery funding to the Natural Environment as provided for in the 2014 Act, all of this suggests a government that really only pays lip-service to environmental protection.

We call upon the Government to reverse this abysmal record and: reinstate the Environment Fund at least at 2010 levels; revive the capacity of the NPWS and the Heritage Council; and allocate a fair share of the Lottery Funds to the natural environment.

⁸ <http://ec.europa.eu/environment/nature/biodiversity/economics/>

3. Context

The near collapse of the world economy and Ireland's particular condition within it presented profound and immediate challenges both to the Irish Government and the Irish people. In addition, following our national focus on crisis management we are still failing to engage with the near-to-medium term risks of an energy-induced systemic crisis that will dwarf the recent economic crisis in both consequences and complexity. In the meantime, the risks associated with climate change are rising, and at the same time our effort to manage those risks is under increasing strain. The people of Ireland are sandwiched in the middle and reeling from a series of economic and societal shocks. These are then the crises facing the government.

This submission attempts to address these looming and overarching risks to our future as a stable society with a functioning economy based on sustainable practice. Sustainable development maintains a delicate balance between the need to improve quality of life and wellbeing on the one hand, whilst on the other preserving the natural resources and ecosystems on which future generations depend. This requires a deep-rooted understanding that the concept of an unrestricted growth economy is what has got us into this predicament, and only by moving to a sustainable model based on an ecosystem management approach can we have hope for the future. This is an approach to natural resource management which aims to sustain ecosystems to meet both ecological and human needs into the future. It is clear that you cannot fix a problem using the very tools that caused the problem in the first place.

3.1 The Fundamentals of a Sustainable Economy

Short term measures to stabilise the economy by perpetuating the current global economic model are failing due to an inherent fault in this model. This can be summarised as follows:

- The current economic model is one in which finance is based on debt and interest payment on this debt.
- Servicing this debt requires a continuous expansion or growth of the economy.
- All economic activity is ultimately based on extraction and manipulation of natural resources for raw materials and energy.
- Since we live on a finite planet with finite resources, infinite growth that surpasses the resources of a finite planet cannot be maintained and it is therefore a matter of 'when' and not 'if' the current model fails. A model based on unrestricted economic growth that relies on the depletion of our natural capital and threatens our ecosystem services⁹ is just not sustainable.

⁹ The benefits people obtain from ecosystems. These include provisioning services such as food and water; regulating services such as flood and disease control; cultural services such as spiritual, recreational, and cultural benefits; and supporting services such as nutrient cycling that maintain the conditions for life on Earth.

Budget 2017 could start to move Ireland towards a more sustainable economic path based on the above primary criteria.

3.2 Resilience

Our economy needs to focus strongly on creating resilience to outside forces of global change. In this context our government structures must support sustainable management of our natural resources to strengthen food and energy security and mitigate the impacts of climate change. Fundamental to this is the need to employ for example land-use grants to promote carbon sequestration, sustainable forestry and farming, flood mitigation and indigenous food production, and integrate protection of natural infrastructure into all policy areas. Investing in the protection of our terrestrial and marine biodiversity is a legal requirement¹⁰ but will also help protect public benefits provided by natural infrastructure, will create jobs, reduce imports, save energy, and strengthen the economy for both the long and short term.

A resilient natural infrastructure will ensure the protection of public benefits. The environmental objectives of sectoral policy and implementation of the Common Agricultural Policy and review of the Common Fisheries Policy as well as the Marine Strategy Framework Directive will also require us to take the protection of natural systems more seriously.

In this context the budget framework should be designed in order to make best use of European funding sources and allow multiple public benefits to be achieved through sectoral policy.

3.3 Objectives for the budget

The overall objective is to create realistic alternative models to our current disastrous short-termist way of running our economy. The development of these models will require social partners working together with Government and the wider society. In some cases the models are not fully formed but are intended to initiate the debate, in others all that is required is the political will to implement them.

3.3.1 Common Purpose

The Environmental Pillar recognises that in times of increasing social stress there is need for policy that cultivates social cohesion and common purpose through fairness and transparency. There is an understanding here that whilst economic stability is essential, the development of sustainable communities where people have a good

¹⁰ EU Birds and Habitats Directives

quality of life should be the central aim of the policy. The development of visions for the well-being of this and future generations by the Public Participation Networks should provide the basis for a national well-being vision. The realisation of this vision should be measurable in order to allow policies and programmes to deliver it.

3.3.2 Security

Any actions taken in the context of the Budget must aim to support human security in all its facets, including environmental, social, physical and economic. A creative vibrant society needs all these aspects to be protected.

3.3.3 Realism about Ecological Limits

Any actions taken in the context of the Budget must take into account the fact that human welfare, the economy and civilisation, are on the cusp of major change arising from the unsustainable use of environmental resources. The need to take an 'eco-system' approach to natural resource management is a crucial part of addressing this. Without such an approach the 'true cost' to society of particular directions of policy making will not be quantified. Recent work in Ireland through the Natural Capital Forum should inform this thinking.¹¹

¹¹ <http://www.naturalcapitalireland.com/>

EU COUNCIL RECOMMENDATION on Ireland's 2015 national reform programme and delivering a Council opinion on Ireland's 2015 stability programme

Preamble (9) there is further scope to reduce distortions, improve the efficiency of the tax system and raise its growth and environmental friendliness.

The tax bases for consumption and environment taxes are limited by reduced rates and exemptions. Zero and reduced rates for value-added tax make it less efficient than the EU average and there seems to be no systematic evaluation of such tax expenditures.

-There is scope to improve the effectiveness of environmental tax instruments and remove environmentally harmful subsidies.

EU COUNCIL RECOMMENDATION on Ireland's 2016 national reform programme and delivering a Council opinion on Ireland's 2016-2017 stability programme

Recommendation 1 - Reduce vulnerability to economic fluctuations and shocks, *inter alia* by broadening the tax base.....Prioritising government capital expenditure in public infrastructure, in particular transport, water services and housing.

4 Environmental fiscal reform - an idea whose time has come

The Country Specific Recommendations of the European Union for Ireland^{12 1314} support the recommendations made in budget submissions by the Environmental Pillar over the last 7 years. Ireland needs to broaden its tax base by moving away from taxes on employment and towards taxes on environmental "bads" based on the "Polluters Pays Principle"¹⁵ and removing subsidies for activities that do environmental harm. If environmental costs are not internalized (or if state subsidies are given to polluting industries or if preventive measures are paid by the state) this could lead to distortion of international trade and investment. Thus, due application of the principle also protects economic interests.

¹² . COUNCIL RECOMMENDATION on Ireland's 2015 national reform programme and delivering a Council opinion on Ireland's 2015 stability programme

http://ec.europa.eu/europe2020/pdf/csr2015/csr2015_ireland_en.pdf

Preamble (9) there is further scope to reduce distortions, improve the efficiency of the tax system and raise its growth and environmental friendliness.

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There is scope to improve the effectiveness of environmental tax instruments and remove environmentally harmful subsidies.

¹³ 2014 Recommendation The "HEREBY RECOMMENDS that Ireland take action within the period 2014-2015 to: CSR 1..... Enhance the growth and environmental friendliness of the tax system.

http://ec.europa.eu/europe2020/pdf/csr2014/csr2014_council_ireland_en.pdf

¹⁴ http://ec.europa.eu/europe2020/pdf/csr2016/csr2016_ireland_en.pdf

¹⁵ Polluter Pays Principle is mentioned in Art. 191 (2) of the EU-Treaty as a principle of EU environmental law.

http://ec.europa.eu/environment/legal/law/pdf/principles/2%20Polluter%20Pays%20Principle_revised.pdf

Studies have demonstrated that environmental taxes can achieve environmental objectives at the same time as raising revenues. Modelling shows that they also have a less negative effect on GDP compared to other types of taxes, such as direct taxes, for example income tax, or indirect taxes such as value added tax.^{16 17 18 19 20 21 22 23}

This crucial feature of environmental taxes means that Ireland could use them to support either fiscal consolidation or to reduce other taxes.

Environmental taxes should in general be designed to change behaviour by encouraging consumers to redirect their consumption towards less taxed commodities. Such incentives would create both low- and highly-skilled jobs, for example in the recycling and energy efficiency sectors. The shift in taxation can also stimulate innovation in the longer term.²⁴ Under certain conditions, we get a double dividend – improved environmental quality and a better performing economy.

Environmental taxation already has widespread application in Ireland. The success that followed the introduction of the plastic bag levy, the landfill levy and the progressive car tax system (based on GHG emissions) has shown the huge potential for taxes and levies to nudge behavioural change away from environmentally destructive behaviour. To date the former has raised nearly €200 million for work on the environment, whilst reducing plastic

^{16 17 18 19 20 21 22 23} Andersen, M., 2015, Reflections on the Scandinavian Model: Some Insights into Energy-Related Taxes in Denmark and Sweden.

http://www.ibfd.org/IBFD-Products/Journal-Articles/European-Taxation/collections/et/html/et_2015_06_dk_1.html

OECD, 2013, Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels, Paris,

¹⁷ IMF, 2015, How large are global energy subsidies

<https://www.imf.org/external/pubs/ft/wp/2015/wp15105.pdf>

¹⁸ Sainteny, G., 2015, Public incentives harmful to biodiversity, Paris

<http://www.foes.de/pdf/2015->

05_EN_Seinteny_public_incentives_harmful_to_biodiversity_en13022015_bis.pdf

¹⁹ Ecofys by order of the European Commission, 2014, Subsidies and costs of EU energy

<http://www.foes.de/pdf/2014->

11%20ECOFYS%20Subsidies%20and%20costs%20of%20EU%20energy%20final%20report.pdf

²⁰ Vivid Economics, 2012, Carbon Taxation and Fiscal Consolidation: the potential for carbon pricing to reduce Europe's fiscal deficits This report was prepared for the European Climate Foundation and Green Budget Europe http://www.vivideconomics.com/wp-content/uploads/2015/03/Carbon_taxation_and_fiscal_consolidation_Full_report.pdf

²¹ IEEP, 2013, Evaluation of environmental tax reforms: International experiences.

http://www.ieep.eu/assets/1283/ETR_study_by_IEEP_for_the_Swiss_Government_-_Final_report_-_21_June_2013.pdf

²² OECD, 2013, Taxing energy Use, A graphical analysis.

http://www.keepeek.com/Digital-Asset-Management/oecd/taxation/taxing-energy-use_9789264183933-en#page1

²³ OECD, 2013, Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels,

http://www.oecd-ilibrary.org/environment/inventory-of-estimated-budgetary-support-and-tax-expenditures-for-fossil-fuels-2013_9789264187610-en

²⁴ <http://www.eea.europa.eu/highlights/fiscal-reform-can-create-jobs/environmental-tax-reform-increasing-individual>

bag use dramatically by 90%. The car tax system saw a drop in average carbon dioxide emissions from newly purchased private cars of 21% between 2007 and 2013. Ireland now has the 6th lowest carbon dioxide emissions from new cars in Europe last year. **Ireland coming sixth is a reflection of the tax choices we make, if we were to encourage more electric cars onto the road we'd rank higher and have a cleaner environment.**

The table in Appendix 1 (developed by the European Environment Agency) has been partly overtaken by circumstances, but gives a guide to some of the more obvious taxes and revenues from same.

Replacement of the current property charges with a Site Value Tax²⁵ would deliver a whole range of social and environmental goods whilst charging people on the basis of services provided by society, and encouraging optimum use of available zoned land. This is a tax based on the unimproved value of all residential sites, and all zoned land, i.e. the value that has not been created by the landowner. **By capturing unearned value at an early stage of the property development process, SVT discourages empty buildings, land speculation, hoarding and over-zoning and diverts capital and available credit into productive investment and sustainable jobs.**

Setting a Carbon Tax at a level where it will encourage the move away from fossil fuels is another obvious starting point. Sweden with a CO₂ tax of €150 t/CO₂ is a good example of a good social protection system, a competitive industry and decoupling of growth from carbon.²⁶ The introduction of a Carbon Tax and Share system such as that just proposed in California by the State legislature would have multiple benefits whilst protecting the vulnerable from fuel poverty.

The California State Senate voted Tuesday 23rd August 2016²⁷ to approve a joint resolution calling on Congress and the President to enact a carbon-based tax on fossil fuels and return all the proceeds to middle- and low-income Americans.

The tax, as proposed by the legislature, would be revenue-neutral, meaning it does not increase the size of government, and would employ market-based incentives rather than government regulations and subsidies. A study commissioned by CCL predicts that, after 10 years, a revenue-neutral carbon tax would lead to a decrease in carbon dioxide emissions of 33 percent, an increase in national employment of 2.1 million jobs, and an average monthly dividend for a family of four of \$288.

4.1 Environmental Fiscal Reform and Job Creation

²⁵ <http://environmentalpillar.ie/environmental-pillar-policy-on-site-value-tax/>

²⁶ <http://www.carbonpricingleadership.org/news/2015/5/24/sweden-decoupling-gdp-growth-from-co2-emissions-is-possible>

²⁷ <https://globenewswire.com/news-release/2016/08/24/866649/10164790/en/California-legislature-to-Congress-Tax-carbon-and-give-revenue-to-households.html>

The European Commission adopted a Communication in July 2014, outlining the employment challenges and opportunities of the current transition towards a green, low carbon, energy and resource-efficient economy²⁸. In this they proposed supporting job creation through shifting taxation away from labour and on to pollution, promoting green public procurement, entrepreneurship and social enterprises;

The example of Environmental Fiscal Reform (EFR) as a decisive driver for the *Energiewende* in Germany²⁹ is a useful one in considering the role of EFR in job creation in Ireland. This is of particular significance in the context of community energy development.³⁰

In Germany, so-called ecological tax reform was introduced in 1999, when Social Democrats and Greens formed a government. The prospect of the job-creation potential from reducing labour taxation was an important factor for the policy makers, backed by an increased support for EFR from academics, businesses, trade unions and NGOs.

The coalition introduced a tax on energy, including electricity, natural gas, heating and transport fuels and reduced environmentally harmful subsidies (e.g. for housing/buildings, for commuters, for the coal sector) – which contributed to a 2-3% reduction of overall CO₂ emissions between 1999-2003, while 250,000 additional jobs were estimated to have been created, mainly in the energy efficiency and renewable energy industry. Transport fuel consumption fell by 17% by the end of 2008 in comparison with the 1999 level. Public transport passengers increased by 3-5% per annum between 1999 and 2008.

The importance of a fiscal driver is particularly evident in the German case. The Christian Democrats in opposition had argued in favour of the withdrawal of the ETR, but this was quietly forgotten when they entered government, partly due to the importance of the revenues the tax raised, and perhaps because they did not disagree with EFR in principle.

When the fiscal crisis struck and substantially increased the need for revenues, several additional EFR elements were implemented in 2011 by the Christian Democrats and the Liberals: a nuclear fuels tax, an air ticket tax, and the reduction of industry subsidies within the eco-tax. Since this time, at least in theory, there is some degree of cross-party consensus on EFR which was a substantial driver for the *Energiewende* in Germany.

4.2 Environmentally Damaging Subsidies

The government should establish a task force to report on all subsidies that are harmful to the environment, including those which operate by tax exemption and start by abolishing the following subsidies:

²⁸ <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2090&furtherNews=yes>

²⁹ http://link.springer.com/chapter/10.1007/3-7908-1645-0_18

³⁰ <http://environmentalpillar.ie/environmental-pillar-policy-on-community-energy/>

- Abolish PSO to peat fired electricity production, currently set at €80,000,000 per year. The burning of peat results in the release of at least twice the GHG emissions as coal per unit of energy produced.
- Abolish Tax exemption of employee parking spaces
- Abolish red diesel.

The OECD recommends the phasing out of all environmentally harmful subsidies, and *“the replacement of some current taxes with appropriate environmentally related fiscal measures in the framework of a comprehensive environmental tax reform.”*

The same is true for the 7th Environmental Action Programme, Europe 2020³¹

4.3 Tax Relief Schemes

Tax relief should only be given for investments that prepare for a low-carbon, low-energy future, and that don't create social inequity. Tax relief on donations to charities should be maintained.

Short-term tax relief should be given for the establishment of new businesses that comply with strict sustainability guidelines. Tax reliefs could be used as incentives to promote positive environmental action such as using recycled material in production, or engaging in an industrial symbiosis group where one business' waste is another's raw product.

The Pillar is supportive of more equitable tax treatment of High Efficiency Combined Heat and Power Plants (HE CHP) power plants. This is in line with best practice in France, Germany and Belgium.

4.4 Greening the VAT system

VAT reform has great potential to secure sustainable consumption and production. We urge the government to take a closer look at the potential for this, particularly in the context of life-cycle analysis of products.^{32 33}

Variable VAT Charge

³¹ http://ec.europa.eu/environment/resource_efficiency/about/roadmap/index_en.htm

³² http://ec.europa.eu/environment/integration/research/newsalert/pdf/350na4_en.pdf

³³ <http://www.fondation-2019.fr/ged/public/uploads/4275ceee84ebb107c2ee2ad71349805d.pdf>

An effective economic instrument which has been used in Ireland to promote Irish Tourism is the lowering of VAT for certain activities. According to the ...“European Commission Working Paper, accompanying the 2010 Green paper on the future of VAT ...[should integrate]environmental aspects into taxation [to] encourage consumers and producers to switch to more environmentally-favourable products...The document states that:

‘the current VAT system does not recognise this phenomenon. Broadening the objectives of VAT by linking it to sustainable consumption would be in line with the recent Commission initiatives aiming at achieving a resource efficient economy which is one of the flagship initiatives of the EU 2020 Strategy. Changing price structure can help to shift demand towards less polluting and more resource-and energy-efficient products.’³⁴

An example of this in Belgium is a reduced VAT for ‘recycle shops’ which provide employment to low-skilled unemployed people, EU VAT Directive (2006/112/EC) permits labour intensive services to be subject to a lower rate of VAT. Belgium charges a lower VAT for labour intensive activities associated with reuse and repair (repair of shoes clothing and bicycles).³⁵

Recommendation:

1. We suggest that a reduced VAT could link with the durability of the product ie, extended producers warranty.
 - a. Provide higher VAT to ‘waste intensive’ products where there is a close less damaging substitute.
 1. Non-disposable razors vs. disposable razors
 2. Rechargeable batteries vs. non-rechargeable ones
 3. Reusable nappies vs. disposable ones.
 4. Reused products
 - b. Reductions in VAT for services vs. products industry
 1. Car sharing
 2. Appliance Repair³⁶

³⁴ European Commission (2010) Commission Staff Working Document: Accompanying document to the Green Paper on the future of VAT – Towards a simpler, more robust and efficient VAT system, COM(2010) 695, available at

http://ec.europa.eu/taxation_customs/resources/documents/common/consultations/tax/future_vat/sec%282101%291455_en.pdf

³⁵ <https://www.idgebim.be> “A Comparative Study on Economic Instruments Promoting Waste Prevention. Final Report to Bruxelles Environnement”, Dominic Hogg et. al

³⁶ <https://www.idgebim.be> “A Comparative Study on Economic Instruments Promoting Waste Prevention. Final Report to Bruxelles Environnement”, Dominic Hogg et. al

5 Capital Expenditure

The Environmental Pillar is in favour of increased capital expenditure provided that it is only used to promote sustainable development, and not, for example, to promote modes of transport that will increase carbon emissions.

5.2 Criteria for Capital Expenditure

Capital expenditure should have six main functions:

- Reducing Green House Gas emissions
- Building community resilience to Climate Change
- Stimulating the economy
- Creating sustainable employment by greening the economy³⁷ with a concentration on unemployment black spots
- Full implementation of the Birds, Habitats, Water and Marine Framework Directives
- Reinforcing our 'natural capital' as a basis for a new type of 'growth'

5.3 Sources of capital funding:

5.3.1 The World Bank Green Bonds³⁸ could provide funding for low-carbon capital expenditure. This can be by the state, community or private developers:

Examples of eligible mitigation projects are the following:

- Solar and wind installations;
- Funding for new technologies that permit significant reductions in greenhouse gas (GHG) emissions;
- Rehabilitation of power plants and transmission facilities to reduce GHG emissions;
- Greater efficiency in transportation, including fuel switching and mass transport;
- Waste management (methane emissions) and construction of energy-efficient buildings;
- Carbon reduction through reforestation and avoided deforestation.

³⁷ <http://ien.ie/files/2012/10/Creating-Sustainable-Employment-by-Greening-the-Economy1.pdf>

³⁸ <http://treasury.worldbank.org/cmd/htm/WorldBankGreenBonds.html>

Examples of eligible adaptation projects are the following:

- Protection against flooding (including reforestation and watershed management)³⁹;
- Food security improvement and implementing stress-resilient agricultural systems (which slow down deforestation);
- Sustainable forest management and avoided deforestation.

5.3.2 Ethical Funds

Support for community based renewable energy projects could, with the assistance of government, come from the globe-wide range of ethical funds that have assets in the trillions of Euros. Combined with community investment this can provide a powerful tool to create energy sovereignty.

In the USA community investing grew almost 5% from 2012 to 2014. Assets held and invested locally by community development financial institutions (CDFIs) based in the US totalled \$64.3 billion at the start of 2014, up from \$61.4 billion in 2012.

5.3.3 Irish Pension Funds

The exposure of Irelands Strategic Infrastructure Fund⁴⁰ to the poor future for fossil fuels contrasts badly with the decision of the Norwegian government to divest its \$900bn Sovereign Wealth Fund of fossil portfolios⁴¹.

Shockingly, the most high-profile company in the Irish investments is TransCanada, the company behind the controversial Keystone XL project, which aims to bring oil extracted from Canada's vast reserves of tar sands to US refineries on the Gulf coast. The fund also holds shares in Peabody Energy, the world's largest privately-owned coal company, which recently described climate change as a "non-existent harm based on flawed assumptions and conjectures".

The divestment movement has gained significant momentum in its short life. This coupled with increased costs for the extraction of decreasing quantities of fossil fuels at source has led to investments in fossil fuel companies being at risk of losses. Ireland cannot reconcile ambitions towards a sustainable green economy with investments in the corporate giants who profits are based on the quantifiable causes of climate change.

³⁹ <http://environmentalpillar.ie/press-release-using-nature-stopping-poor-development-and-long-term-planning-are-key-to-tackling-flooding/>

⁴⁰ <http://www.iiea.com/blogosphere/exploring-the-carbon-implications-of-irelands-strategic-investments>

⁴¹ Norway confirms \$900bn sovereign wealth fund's major coal divestment
<http://www.theguardian.com/environment/2015/jun/05/norways-pension-fund-to-divest-8bn-from-coal-a-new-analysis-shows>

it is noted that there is a relatively low level of investment in fossil fuel companies, which makes achieving a zero rate of investment all the more tangible. This will have significant commercial benefits for the international image and reputation of Ireland, as a world leader in climate change action.

The Environmental Pillar calls on the Irish Government to divest from all fossil fuel investments.

5.4 Assessing Impacts of Capital Expenditure

- Ensure that all major government investment programmes directed at job creation are based on an objective assessment of the range of projects which could be included.
- Ensure that the assessment considers how many jobs are likely to be created by each of the measures, policies or projects being compared for inclusion.
- Ensure that the assessment also considers the impact of the projects on sustainability indicators including compliance with EU law and meeting national emissions targets.
- Ensure public health and knock-on benefits (reduced medical costs, better productivity/reduced absenteeism and better educational results) are included in the factors to be taken into account in deciding on expenditure and investment.
- Ensure that all investment is done in the context of promoting the implementation of the UN 2030 Sustainable Development Goals

5.5 Making “Energy Efficiency First” happen: Investing the carbon tax in an SSIA for retrofitting.

The emphasis in the EU’s Energy Union strategy is on putting “Energy Efficiency First”. As EU Climate Action Commissioner, Miguel Arias Cañete, put it “Energy we do not use is the cheapest, most sustainable, and most secure energy we have.” The Economist calls it “the invisible fuel”.

Making it happen in practice requires a new level of commitment to investing in incentives. This will no doubt involve a number of initiatives over time but we would argue it needs something of the scale and attractiveness of the SSIA scheme to achieve large scale buy-in from households.

The SSIA scheme⁴² gave each of the 1.2 million account-holders 1 euro for every 4 they invested, up to a maximum €15,000 invested. The cost to the exchequer was €2.5 billion over the 5 years of the scheme.

Ireland built one third of its total housing stock during the 10 years of the boom and bubble, much of it to poor energy standards. It is estimated that around 1.2 million homes could benefit from being upgraded through retrofitting, at a total cost of around €14 billion, between €10,000 and €15,000 per house.

A state incentive of €1 for every €4 invested in retrofitting, while totalling more than €2.5 billion in exchequer investment, could be spread over 15 years and would essentially amount to no more than forgoing VAT on private investment in retrofitting. Indeed, it would save the exchequer money by avoiding fines for missing our EU 2030 emissions target, as well as resulting in warmer homes, lower fuel bills and jobs in the building industry. To be as appealing as possible it should be a cashback scheme rather than a VAT exemption. It could be funded from carbon tax revenue, which brought in almost €400 million in 2014, but should be seen as part of the capital expenditure programme.

This would not solve the whole of the financing challenge. A pay-as-you-save scheme or some other form of household credit would be necessary to enable people to raise their share of the investment. Moreover, increased investment of carbon tax revenue in retrofitting the homes of those at risk of fuel poverty would also be needed. Again, the short term cost to the exchequer would be more than offset by savings in the €500 million annual spend on a refined fuel allowance scheme.

It's also worth mentioning that if our total housing stock needs to use at least 80% less energy in 2050, then every single new house built from now on needs to be zero carbon. So existing energy standards must be enforced and gradually ramped up. Zero-carbon homes save you money. And we simply can't afford to repeat the mistakes of the past.

⁴² https://en.wikipedia.org/wiki/Special_Savings_Incentive_Account

6 Taxation of Environmental “Bads”

The acceptance of taxation for carbon emissions sets the scene for the introduction of a range of taxation measures that will lead ultimately to serious savings for society and improvements in health and the quality of life, as well as the creation of employment and a revenue stream for government. These should include taxes on:

- All products that cannot be fully and easily recycled. e.g.
 - a levy on single-use tableware which does not conform to minimum standards for composting/recycling (cutlery, plates etc.),
 - Deposit-refund schemes on batteries, or a levy on single-use batteries so as to make rechargeable batteries more attractive to use,
 - A levy on single-use lighters so as to make refillable lighters more attractive to use,
 - A levy on take-away food containers
 - Sanitary materials made of plastic as though they were to last for years. A non and slow degradable tax would be great incentive for design/material change.
- Pollutants emitted from industrial facilities. This may reduce long term health costs and stimulate a circular economy. Specific regimes would have to be developed in order to apply levies to these.
- PVC, polystyrene and plastic in food packaging as these all have serious health implications as endocrine disruptors, as well as very serious impacts on the marine environment where they accumulate other toxic compounds and enter the food chain as micro plastics.
- Toxic chemicals, including pesticides and herbicides (see below). Pesticide and
- A packaging levy⁴³. This will be a difficult measure to put in place but one that merits attention at the EU level.
- All one-way drinks containers. This would encourage a shift to long-life reusable containers.
- A container deposit/refund scheme to encourage the capture of valuable recyclable material and to discourage littering and throw-away society.
- All food additives that have little or no positive food value but are known to cause obesity and other medical conditions.
- A super levy as the first step towards a ban on any recyclable waste sent to landfill
- A levy on all materials sent for incineration⁴⁴
- Aviation and dirty marine fuels

⁴³ <http://environmentalpillar.ie/initial-submission-on-the-proposal-to-introduce-a-packaging-levy/>

⁴⁴ <http://environmentalpillar.ie/levy-on-incineration-letter-to-minister-hogan/>

- Detergents and household cleaners with greater than 3% phosphate content
- Key litter problems.
 - Cigarettes
 - Chewing Gum

6.1 Aggregates Levy

A tax of €2.50 would be levied on each tonne of sand, gravel, crushed stone and other aggregates extracted from the ground or lifted from the surface and used in construction

Note: the rate is based on the £2 rate applied in N. Ireland & GB

Why an aggregates levy in Ireland?

- Encourage recycling of aggregates – and boost the re-use of existing buildings (as in UK) as well as reducing carbon emissions.
- Level the playing field with Northern Ireland
- Reduce the number of new quarries with their associated traffic movements and emissions. (Typically quarries result in heavy trucks on fragile local road networks not designed for it.)
- Assist in regulating quarries (i.e. take on illegal operators via the tax net)
- Raise revenue from a very resource-intensive sector and boost the Environment Fund following the “polluter pays principle”.⁴⁵
- The levy works well in the UK where the volume of recycled aggregates is up and quarrying rates are down
- Perverse demand for quarrying in the Republic needs to be tackled

An aggregates levy could be expected to yield €80m a year (EEA, 2010 Appendix 1 below), which equates to €2.50 charged on 32m tonnes p.a.

Although an argument could be made that this will add to building costs at a time when there is a need for more houses, the fact is that there seem to be huge profits being made out of house building in Ireland, when compared to other western European countries. Irish residential construction costs for an apartment average at €1,844 per square metre including VAT: whereas in Munich this would be €1,300, and in

⁴⁵ http://ec.europa.eu/environment/legal/law/pdf/principles/2%20Polluter%20Pays%20Principle_revised.pdf

Amsterdam €1,440. This makes the cost in Ireland 42% higher than in Munich and 28% higher in Amsterdam.^{46 47}

6.2 Pesticide Levy

Great strides have been made in other countries to reduce pesticide and herbicide use. The Government should investigate the introduction of a pesticide levy during 2016, based on the Danish model. While considering whether to follow French, Danish and Dutch examples on control and ban of glyphosate and other harmful pesticides, the 2016 budget step we are looking for is to put a very significant tax on all consumer size packs - with immediate effect. In the same manner as the taxes on say a packet of 20 cigarettes. Herbicide tax rates should be linked to known

- (i) Human health and
- (ii) Environmental non target species risk.

The pesticide levy in Denmark and Globally

In 1986 Denmark introduced a levy on pesticides to reduce use and create incentives towards less harmful chemicals. In mid-2013 Denmark modified its pesticides levy. It is now based on the Pesticide Load Indicator which takes account of the impact on health and environment, namely toxicity regarding humans, water, and animals both near the soil (worms, bees, etc), as well as in the wider surroundings (birds, fish, other wildlife.

This is part of a global trend to reduce pesticide use through progressive levies. Norway and Denmark were in the vanguard, Sweden and France are introducing measures and Mexico introduced a levy in 2014. Figures from Norway show a 50% reduction in pesticide use since their levy was introduced.

A report for the EU (Eunomia, 2014) applies an approximation of Denmark's pesticide tax to 12 member states but Ireland is not included. However, if Ireland sees about half as much pesticide used as in Austria (the position in the 1990s) then revenue in the introductory years would be €8 – 9m p.a., rising to €14 – 15m a year when fully phased in.

Spikkerud et al, Guidelines for a Banded Pesticide Tax Scheme, Differentiated According to Human Health and Environmental Risks, available at

http://www.mattilsynet.no/language/english/plants/guidelines_for_a_banded_pesticide_tax_scheme_dif_ferentiated_according_to_human_health_and_environmental_risks

⁴⁶ International construction market survey 2015 - Global rebalancing: a changing landscape
<http://www.turnerandtownsend.com/ICMS-2015.html>

⁴⁷ Bruce Shaw – Ireland Handbook 2015
http://www.bruceshaw.com/uploads/BruceShawIrelandHandbook_2015.pdf

6.3 Energy Tax and Share

This mechanism involves taxing carbon entering the country, and is taxation neutral dividing the resulting income two ways, a percentage going to each of:

- A flat level dividend to every person in the state
- Investing in the transition to a low carbon economy

This system rewards those that use the least carbon, is largely beneficial to urban dwellers and promotes public transport use. It is easy to administer as there are only a small number of energy importers, as is the distribution of a flat rate benefit. This will also help to achieve our climate change goals and reduce any requirements to pay for not meeting our GHG targets.

In the longer term as both the use and cost of carbon begin to rise, a national and gradually decreasing cap would be placed on the importation of carbon. This would have the effect of increasing energy efficiencies, promoting alternative energy systems and through the “cap and share”⁴⁸ mechanism protecting the fuel poor and rewarding those that reduce their use of fossil fuels.

The sharing of the income from both ‘tax and share’ and ‘cap and share’ will enable a buy in of the public to the higher fuel prices that would result. As low carbon users tend to be poorer it is very likely that they will spend the revenue straight back into the economy, thus stimulating economic activity.

In the short-term, the Carbon tax must be applied to all fossil fuels and include peat.

The proposed Carbon tax relief on the biomass content of coal is unwelcome and subverts the transition from coal to other fuels less productive of carbon emissions.

On June 9, 2014, Citizens’ Climate Lobby released [a study](#) from Regional Economic Models, Inc. (REMI) that examined the impact of a steadily-rising fee on carbon-based fuels in the USA with revenue from that fee returned to households in equal shares. With the fee starting at \$10 per ton of carbon dioxide and rising \$10 per ton each year, the major findings were:

- In 20 years, CO2 emissions would be reduced 50 percent below 1990 levels.
- Because of the economic stimulus of recycling carbon fee revenue back to households, in 20 years, 2.8 million jobs would be added to the American economy.
- Improved air quality would result in 230,000 premature deaths avoided over 20 years.

⁴⁸ <http://www.feasta.org/documents/energy/Cap-and-Share-May08-summary.htm> [accessed 18/10/2011]

There is no economic argument against Tax and Share. It creates jobs, grows the economy, saves lives, and makes citizens richer.

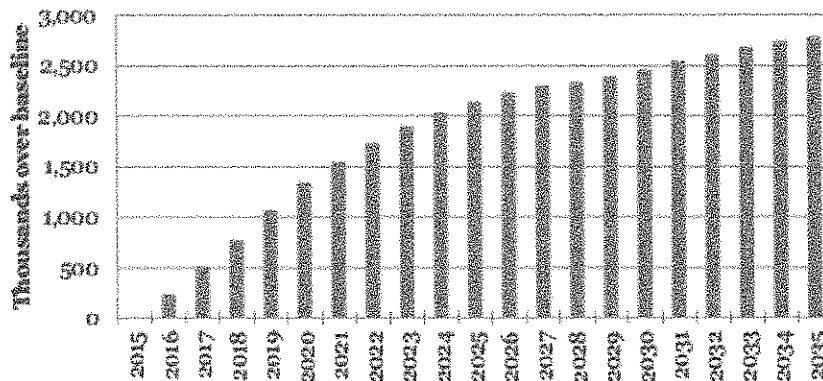


Figure showing potential employment increases resulting from Carbon Tax and Share in the USA

6.4 Deposit/Refund Schemes

In Ireland at present there are producer responsibility schemes in place for Waste Electrical and Electronic Equipment (WEEE), Portable batteries, Packaging, Farm Plastics, End of Life Vehicles (ELVs) and Tyres.

Instead of only charging consumers an end of life fee that goes into the producer recycling fund, a deposit/refund scheme could be put into place to encourage consumers for example to return the WEEE in good shape. In this way, the consumer is still paying the same amount and they are rewarded for returning the WEEE. Where the WEEE collected is more usable, the repair/reuse company can pay the retailer collecting the WEEE for the product and a new consumer stream is created.

6.5 Single-Use Packaging Levy

International Experiences

Packaging levies exist in a significant number of other EU Member States. In Denmark and the Netherlands, the introduction of a packaging levy has collected significant funds and halted the increase in consumption of plastic packaging, a particularly environmentally damaging form of packaging.

The experience of a number of European countries demonstrates an inherent disadvantage with volume-based levies. For example, in Finland it was noted that a volume-based levy had not incentivised producers to minimise the amount of material used in a container e.g. to use thin-walled containers rather than thick-walled

containers. Nor had the levy incentivise producers to use materials with a lower environmental impact.

In 2008, the Netherlands introduced a carbon-based packaging tax, looking at a life cycle assessment based on greenhouse gas emissions.⁴⁹ However, this approach did not address other environmental impacts such as littering, resource use and marine plastics.

The Danish government has imposed a 19.20 DKK/kg levy on all wholesalers of disposable tableware. In 2000 they have also imposed a tax based on a product's PVC or phthalate content at a rate of 2 DKK per kg PVC and 7 DKK per kg phthalates. Lastly, they have imposed a tax on tetrachloromethylene, trichloroethylene and dichloromethane at a rate of 2 DKK per kg.⁵⁰

Belgium adopted a 'picnic' tax which imposed taxes on wholesalers, who were liable to pay tax on various single-use items. Tax on disposable plastic bags was set at €3.00 per kg, €2.70 per kg for plastic food wrapping, €4.50 per kg for aluminium foil and trays and €3.60 per kg for disposable kitchen utensils.⁵¹

Many researchers have identified Ireland's plastic bag tax as one of the most successful economic incentives to prevent the generation of waste, and therefore, many countries have adopted similar initiatives. Here, we charge tax on consumers at Point of Sale and the bookkeeping and reporting is fairly easy as it is integrated with retailer VAT returns.⁵² However, it has been noted that both Denmark and South Africa charged retailers the tax on plastic bags, which sometimes was not passed on to the consumer and therefore, did not affect behavioural change.

According to Dominic Hogg's Economic Instruments report for Belgium, the following approach is the most effective:

- Apply taxes to items where alternatives are clearly available (this is likely to ensure a reasonable response to the tax);
- Continual review of the tax to ensure that its effectiveness is not being eroded over time (e.g. through inflation);
- Ensure the tax is designed with sufficient inbuilt flexibility to adapt to changing economic conditions;
- Prior to introducing the tax, develop an effective communication campaign to advertise the rationale behind the tax. In this respect, there should be a clear rationale for the tax; and
- Albeit that this is desirable rather than necessary, it is helpful to be introducing such measures against the backdrop of a DVR [pay by weight]

⁴⁹ <https://www.idgebim.be> "A Comparative Study on Economic Instruments Promoting Waste Prevention. Final Report to Bruxelles Environnement", Dominic Hogg et. al

⁵⁰ [The Use of Economic Instruments in Nordic and Baltic Environmental Policy 2001-2005](#), Stefan Speck, Mikael Skou Anderen, et. al., National Environmental Research Institute, Denmark

⁵¹ <https://www.idgebim.be> "A Comparative Study on Economic Instruments Promoting Waste Prevention. Final Report to Bruxelles Environnement", Dominic Hogg et. al

⁵² https://www.envecon.eu/content/files/Waste_and_Plastic_Bag_RIAS_-_2008.pdf

charging for household waste. This can help strengthen the response to price changes occasioned by the tax.⁵³

Benefits of a Packaging Levy in Ireland

The “polluter pays” principle, or in this case the principle of Extended Producer Responsibility (EPR), acknowledges that manufacturers have the greatest level of control over the design of packaging and therefore the greatest ability to alter its environmental impact.

Recommendations:

1. The Environmental Pillar believes that an Irish packaging levy should not be volume-based, but instead take both weight and type of material into consideration. The levy should also take into account the recyclability or recycled content of the packaging by creating the following categories:
 1. Non-recyclable packaging
 2. Recyclable packaging
 3. Recycled packaging (defined as greater than 75% recycled content)
 4. Unlabelled packaging

Such a system would create the necessary incentives for manufacturers to reduce the weight of packaging and switch to recyclable and recycled content packaging materials.

2. As illustrated in the Denmark and South African plastic bag case study mentioned above, we believe that the imposition of a tax/levy should not be implemented at the wholesale or retail stage of the chain of commerce. Mirroring the success associated with the Irish Plastic Bag Tax, we assert that any single-use packaging levy should be imposed at the point of sale to consumers. This makes the levy visible and allows consumers to make the choice of bringing their own containers or pressure retailers to offer compostable containers. The levy should be established on a ‘per container’ basis and administered like the plastic bag tax. Such items should include:
 - a. plastic clamshells
 - b. polystyrene clamshells (we propose a complete ban on polystyrene, as has been done in New York, San Francisco, Washington DC, China, Korea and other jurisdictions)
 - c. coffee cups/lids
 - d. non-compostable disposable utensils
 - e. straws
 - f. plastic wrap

⁵³ <https://www.idgebim.be> “A Comparative Study on Economic Instruments Promoting Waste Prevention. Final Report to Bruxelles Environnement”, Dominic Hogg et. al

- g. aluminium foil/trays
- h. plastic cups
- i. non-compostable cups
- j. any other non-compostable disposable single-use packaging

7 Creating Employment in Protection of the Natural Environment

7.1 The Importance of the Natural Environment to the Wellbeing of Irish Citizens and the Irish Economy

In considering the importance of the restoration of the natural environment for ecosystem services and for jobs, the value of biodiversity to the Irish economy as per the report by Bullock et al (2008)⁵⁴ should be noted. While the value of biodiversity was found to be 2.6Bn euro to the Irish economy, the level of investment is chronically poor.

This paragraph from the NPWS 2014 report to the Convention on Biological Diversity further emphasises the point. *'In 2008, research was commissioned to identify the nature and scale of benefits that we, as a society, derive from biodiversity in Ireland. The research found that the current marginal value of biodiversity and ecosystems services in Ireland in terms of their contribution to productive output and human utility was estimated at €2.6 billion per annum. This is considered to be an underestimate, as it does not include significant services such as waste assimilation by aquatic biodiversity and the benefits to human health'.*

Whilst we don't have a national figure on this contribution of the Natura 2000 network in Ireland, an EU study from 2011⁵⁵ (which shows the Cliffs of Moher on the front cover depicting the tourism value) on the value of the EU-wide network put this value at between €200-300 billion euro annually and generating recreational benefits of €5-9 billion annually. In Ireland, many of the Special Protection Areas for birds and Special Areas of Conservation for habitats, plants and animals are located in areas of scenic beauty which are lauded in programmes such as the Wild Atlantic Way yet 91% of these internationally important habitats have 'bad' or 'inadequate' status **due to lack of appropriate management and underinvestment**. So this natural capital is being degraded. Will we have the same return from this in the future? From this EU report "In addition to its biodiversity benefits, the Natura 2000 network provides a range of benefits to society and the economy via the flow of ecosystem services (provisioning, regulating, cultural and supporting services). These support policy objectives beyond biodiversity, including climate change mitigation and adaptation, water quality and provision, food provision, jobs and livelihoods, cost savings, science and education, health and security, social cohesion and identity".

⁵⁴ Bullock, C., Kretsch, C. & Candon, C. (2008) The Economic and Social Aspects of Biodiversity Benefits and Costs of Biodiversity in Ireland. ISBN NO: 978-1-4064-2105-7

⁵⁵ [The Economic Benefits of Natura 2000 - Europa.eu](http://ec.europa.eu/environment/nature/natura2000/financing/docs/ENV-12-018_LR_Final1.pdf)
http://ec.europa.eu/environment/nature/natura2000/financing/docs/ENV-12-018_LR_Final1.pdf

7.2 The National Lottery

Section 41 (1) (f) of the National Lotteries Act 2013 has opened up the possibility for the use of lottery funds to promote employment in the protection of our natural environment. European studies have shown that money spent on nature protection pays dividends in terms of job creation. This opportunity needs to be acted upon so that civil society and Government can act together to protect the fundamental resources that we rely upon for our well-being. This resource could be multiplied as much as fourfold when used as match funding for projects under such EU funding streams as Life+. Funding for the natural environment could be distributed in the same manner that funding is delivered to a range of civil society groups for sport, arts and community activities. Money spent on protecting the Natural Environment not only protects a wide range of public goods, but also creates many more jobs per Euro than for example is created by the massive investments of CAP or the Structural Funds.⁵⁶

However there appears to be considerable uncertainty in the relevant lead departments concerned regarding how to access the lottery funding. **No Lottery funding has been allocated to the “natural Environment in the 3 years since the Act came into force.**

7.3 EU LIFE Funding

LIFE is a dedicated EU financial instrument for the environment. Therefore job creation and the development of skills have not been its main objectives. Nevertheless the programme has played its part in creating permanent jobs and training schemes that have lasted well beyond the duration of LIFE funding.⁵⁷ LIFE is capable of demonstrating solutions that have promoted green growth. These outcomes illustrate that greener and more resource efficient processes can offer opportunities for socio-economic development and durable job creation. More innovative solutions also offer new business opportunities and drive public organisations and bodies to perform better. Resource efficiency and environmentally-sound practices lead to improved competitiveness and also save money.

Access to this funding however requires the provision of match-funding and this is largely unavailable to the cutting-edge NGOs within the environmental sector, but with the support of lottery funding could bring in a multiplier of up to 300% EU funding.

⁵⁶ Investing for the Future - More Jobs Out of a Green Economy.

<http://www.eeb.org/EEB/?LinkServID=41FFA309-5056-B741-DBFD725B2A886A5F>

⁵⁷ LIFE creating green jobs and skills

http://ec.europa.eu/environment/life/publications/lifepublications/lifefocus/documents/jobs_skills.pdf

8 Motor taxes

Ireland needs to find new, more sustainable sources of taxation. Taxes based on consumption are less damaging to the Irish economy than taxes on income or corporations. While taxes on energy and vehicles make up the bulk of Irish environmental taxes, these rates tend to be comparatively low when compared to other OECD countries. Moreover, between 2007 and 2010, income from Vehicle Registration Tax (VRT) on new car sales decreased by €674 million.

A general increase in carbon tax on transport fuels is appropriate to match damage costs associated with carbon emissions. Ireland has only the 12th highest excise rate on petrol in the EU but one of the highest CO₂ per capita emission rates. Taxation of petrol and diesel does represent a greater imposition on a country that has a dispersed population and a settlement pattern with high car dependency. Ameliorative measures for rural transport and fuel poverty should be part of any increase in taxation, but ultimately transport emissions have to fall.

We propose:

- Car charges that are based on vehicle use;
- Restructuring of motor tax to apply to all cars, including those registered before 2008
- Distance-based charging of commercial vehicles and reform the commercial vehicle tax regime. See Appendix 2 for details on this.
- Bringing the retail price of motor diesel to the same level as that of petrol by increasing the excise rates on diesel. Apart from the climate impacts of burning fossil fuels, particulates from diesel engines are causes of a range of human health problems. C.400 people die annually and huge medical costs are accrued as a result of air pollution and diesel fumes are a major contributor to this. The OECD⁵⁸ have recommended at least an equalisation of excise rates on petrol and diesel to address negative externalities caused by the combustion of these fossil fuels. The basis of this suggestion is the lower tax rate on diesel fails to account for the social and health environmental externalities caused by its combustion. A litre of diesel produces approximately 15.5% more greenhouse gases than a litre of petrol. Any relative fuel efficiency is an advantage to the driver and does not account for the externalities. If the excise on both fuels was equalised a diesel vehicle would still pay less tax than the petrol on the basis of greater fuel efficiency. Due to this fuel efficiency a car will travel further on litre of diesel when compared to petrol but will produce more harmful emissions. Our closest trading partner, the UK, already has equalised excise rates on petrol and diesel. A number of countries, notably France

⁵⁸ The Diesel Differential – OCED Taxation Working Papers No.21

and Belgium, have also moved to equalise the excise rate on petrol and diesel. The excise on diesel in Ireland is currently 22% less than on petrol.

- Increased tax incentives are required to expedite the growth of electric vehicles. The proposed alteration of Benefits in Kind to be based on emissions rather than the current engine size is to be welcomed. Similarly the extension of the VRT relief to 5 years would render EV purchases more viable.
- VRT relationships with CO₂ emissions require to be reclassified to achieve a better agreement between taxation classes and actual CO₂ emissions. In particular an increase in taxation on more polluting large engines and a commensurate reduction in taxation for cars with engine sizes less than 1 litre.
- Abolition of the agricultural diesel subsidy is now appropriate. This would at the same time end laundering and also increase revenue. The continued insulation of the agricultural sector from carbon taxation is not justified in view of the lenient treatment of the sector apparent in the 2030 targets. It is just as appropriate to apply the polluter pays principle here as it is with other diesel users in the private car sector and household sectors.

9 Hypothecation of Environmental Taxation Revenue

Revenues from taxation on resource use and environmental 'bads' must in part be pledged for activities that protect and enhance the environment, through the Environment Fund, in the same way that the plastic bag levy and the landfill levies do at present. These two are the declining sources of revenue for the Environment Fund. Apart from the current role of this fund, this taxation should be used to promote activities that build resilience against the impacts of climate change and promote activities that lead to reductions in pollution in general and greenhouse gases in particular.

Drinking water is referred to above, but there is also the need to, for example, deal with the problem of some 400,000 septic tanks that are polluting our drinking water supplies. This is a massive and potentially very costly challenge facing the state, and one that if not faced up to will see Ireland facing further fines under both the Water Framework and Groundwater Directives. The establishment of a revolving fund where septic tank owners could take out a no-interest loan or grant to upgrade their systems would assist in this. When the loan is repaid, it can be used again for other septic tank owners.

Funding must be provided to create and implement management plans for the ancient woodlands in the care of the NPWS most of which are protected sites but with no management plans. These are amongst the most valuable land based habitats for biodiversity as well as being the genetic seed banks for our future forests. Provision is also needed for the implementation of the management plans. Support is also needed if we are to control the invasive species taking over woodlands and other habitats.

Employment could be created if our tree nurseries were supported in breeding native provenance trees for civil works.

Fulfilling Ireland's commitments to deliver on the Water Framework Directive, the Marine Strategy Framework Directive, and the National Biodiversity Strategy will all require considerable expenditure that should be resourced through taxing environmental bads and removing subsidies on environmental harm.

10 The Aarhus Convention

The Aarhus convention came into force in Ireland in 2012. Resources are required if we are serious about our commitment to the Aarhus convention and the rights of the public to access information, to participate in decision-making and access to Justice in environmental matters.

There is a need to establish a well-resourced national taskforce to deliver on the Convention. The membership of this taskforce should be diverse with a majority of non-statutory representation committed to comprehensive public participation. Ideally it should have representation from all departments and be facilitated by the DECLG.

Training of staff in public authorities, including semi-state bodies would be an essential part of this. This would include training on dialogue planning.

Public participation has a major role to play in our national energy security and climate change action. It has been identified as a deciding factor in energy developments from policy level through to projects. Recent research commissioned by the National Economic and Social Council to advise their report “Wind Energy in Ireland: Building Community Engagement and Social Support”⁵⁹ highlighted the need for greater public engagement if we are to deliver on energy developments.

⁵⁹ <http://www.nesc.ie/en/publications/publications/nesc-reports/wind-energy-in-ireland-building-community-engagement-and-social-support/>

11 Public Engagement in Local Government

There is a steady decline of public participation in elections, and this lack of engagement in the democratic processes is further emphasised in repeated polls. The establishment of the new Public Participation Networks (PPNs) at Local Authority level creates an opportunity to reverse this trend. Local communities developing their own local vision for the well-being of their community for this and future generations, has the potential to create a new dynamic locally where there is a real sense of ownership. We welcome the continuing Government commitment to allocating €50,000 per local authority to support this.

If the PPNs are to be coherent foci for the development of shared visions for the wellbeing of the communities for this and future generations, then there is also the need for short-term funding to provide the necessary tools and training for the development of those visions.

12 Water Services

The introduction of a flat rate water charge has broadened the tax base but has totally failed to encourage sensible use of drinking water. This was a major missed opportunity. Political expediency has resulted in the failure to set a clear timeline for the introduction a progressive charging system for drinking water use and waste water treatment based on the metred quantities used. This situation needs to be reversed⁶⁰.

Infrastructure shortfalls combined with unpredictable weather patterns, exacerbated by climate change, subject many areas to high risk of either shortages or flooding episodes. If our water services infrastructure continues to breach EU standards, the quality of our waterways is in jeopardy through excessive water abstractions to meet the needs of the population and pollution of surface and ground waters by insufficiently treated or untreated sewage discharges. We also face the prospect of substantial EU fines. Some 44 urban centres currently discharge raw sewage into surface and ultimately groundwaters.

The Environmental Pillar supports domestic water charges based on a pay-for-use basis through metering. The current rate schedule of charging without regard to the amount of water used is the worst of all worlds. It does not have the intended result of encouraging a reduction of water usage and resembles more of a tax rather than a user charge, as levied by other utilities. We are sensitive to households that are facing hardship and believe that accommodations can and should be made in these situations similar to the current scheme under the Household Benefits Scheme under the Department of Social Protection. Those who can pay should pay, and those that cannot pay should receive assistance.

TASC⁶¹, an independent Irish think-tank, has proposed the imposition of water credits whereby all households are charged for the water they consume. However, to address households experiencing deprivation and/or those with special needs (such as for a disability), a water credit system would be in place to offset charges. These households would register for water credits by declaring their incomes and other relevant circumstances through self-assessment, similar to the property tax registration. Along with TASC the Environmental Pillar also calls for the establishment of a progressive water usage rate to increase the per cubic meter rate as consumption rises.

Providing Income tax relief to compensate for normal-use water charges could be introduced in the same way manner that tax relief was given for waste charges up until 2012.

⁶⁰ <http://environmentalpillar.ie/waterservices/>

⁶¹ http://www.tasc.ie/download/pdf/tasc_equitable_water_charging_policy_brief_april_2014.pdf?issuusi=ignore

Appendix 1

Table 1. Potential New Environmental Taxes applicable in Ireland, 2011-2014, Million €¹

Water Supply and Waste Water Treatment (potential revenue)					
Charge Category	2011	2012	2013	2014	Comments
User charges for water supply	250	250	750	1,000	Domestic sector (tax of charges in Ireland based on recovery of spreading and (than) capital costs. Special provisions for those on low incomes
User charges for effluent and water discharge	57	104	171	238	none
Total	307	354	921	1,238	
Environmentally related taxes					
Pollution and resource taxes	2011	2012	2013	2014	Comments
Water abstraction levy	21	42	64	85	Applying Danish rates and system, whereby pipe leakage could be reduced from 30-40% to 10%
Levy on aggregates levy	79	79	79	79	Sand, gravel, crushed rock. Applying UK rates for reduced volume + 20% recycling
Tax on packaging	33	45	55	70	Applying Danish rates for glass bottles and by weight for other waste streams
SO _x	29	59	88	118	Applying rates applicable in Denmark
NO _x	79	155	233	311	Applying rates applicable in Sweden
GHG-nitrogen	23	45	68	90	15 € per CO ₂ eq for N ₂ O of mineral fertilisers
Sum	265	425	587	753	
Transport taxes	2011	2012	2013	2014	Comments
Re-calibration of VAT and extension to commercial	300	300	300	300	Data as to number of commercial vehicles etc. required for more accurate revenue estimates.
Air travel tax	95	95	95	95	Apply UK rate of 14 € for longer flights; lower rate for short flights at 9 € per passenger
HGV vignette scheme	96	96	112	112	Applying Germany's approach and rates.
Sum	311	411	467	467	
Energy taxes	2011	2012	2013	2014	Comments
Increasing excise duty on petrol and diesel	54	99	131	153	UK levels. Revenues netted out for the expected reduction in tank tourism from N Ireland and for differences in VAT rates.
CO ₂ tax, non-ETS	21	42	64	85	Increase CO ₂ -tax to level in Sweden of 22€/tCO ₂
CO ₂ tax, offshore	21	42	63	85	Apply Norwegian system for taxation of offshore emissions from flaring etc. (0.03 €/tCO ₂)
Electricity tax	2	4	5	8	Introduce EU minimum rate for domestic sector (1.3 €/MWh)
Energy tax	90	110	170	207	Introduce new energy tax with minimum rate of 1.3 € per MJ - similar to EU minimum for electricity
Sum	107	215	321	429	
Total environmentally-related taxes	793	1,140	1,496	1,708	
Land Value tax (resource rent)					
	2011	2012	2013	2014	Comments
Land Value Tax	500-750	1,000-1,500	1,500-2,250	2,000-3,000	Applying rates applicable in Denmark (for 'Grundskyld')
Grand total					
	2011	2012	2013	2014	Comments
All sources	1,546-2,790	2,754-3,254	3,917-4,807	5,016-6,016	

¹ The potential for environmental taxes in Ireland based on experiences gained with environmental taxes in different European countries - with a gradual implementation over a period of four years.

Appendix 2

Why Ireland has to introduce distance based charging of commercial vehicles and reform the commercial vehicle tax regime

There are approximately 330,000 vans and trucks registered in Ireland as commercial vehicles for motor tax purposes. Commercial vehicles are internationally considered to include all vehicles used for business purposes (excluding passenger services), and range from small vans under 3.5 tonnes of GDVW to articulated trucks of over 44 tonnes GDVW. GDVW is the maximum operating weight of the vehicle as specified by the manufacturer and includes the weight of the vehicle itself, fuel, driver, passengers and cargo. The EU categorises commercial vehicles using GDVW as light, large or heavy goods vehicles. Light Goods Vehicles are under 3.5 tonnes, Large Goods Vehicles are between 3.5 tonnes and 12 tonnes, with Heavy Goods Vehicles being over 12 tonnes.

Distance based charging for commercial vehicles in Ireland

Road user charges for commercial vehicles are levies imposed on operators of commercial vehicles for use of a state's road network. Unlike tolls, which are applied to specific stretches of road, a road user charge will generally apply to all roads, or all roads of the specified class, such as motorways and national routes. Road user charges apply to domestic and foreign hauliers, whether the vehicle is operating in the state or simply transiting through it.

Road user charges can be paid by pre-purchased permit for a period of time which is generally known as a vignette, or can be set on a distance based where the charge is calculated based on the distance travelled calculated by an electronic network wide tolling system. In both cases different charges can be set for commercial vehicles based on size and emissions produced, to meet the principle that the polluter should pay. In the case of a distance based charge further price differentials can be introduced, such as higher charges at peak times or reductions for peripheral regions.

Road user charges for commercial vehicles have been used in Europe since the 1950's and have been regulated by the EU since the late 1990s, under rules colloquially known as 'Eurovignette Directive'. Member States have wide discretion in how they administer commercial vehicle road charging, if they choose to introduce a road charging scheme. The purpose of levying road user charges on commercial vehicle operators is to try to internalise some of the external costs of road haulage, including the impact on the material integrity of roads, bridges and tunnels, and the negative impact on the environment in relation to noise and air quality.

Ireland has no road user charge for commercial vehicle operators, who are subject to an annual motor tax charge and to tolls on specific concessionary toll roads. Irish hauliers who

operate in other European countries have to pay commercial vehicle road user charges where these are levied.

EU POLICY AND REGULATIONS

The European Union legislated for road user charging for commercial vehicles in 1999, with Directive 1999/62/EC known as the 'Eurovignette Directive'. The Directive sets out the rules for charging regimes for pay-as-you-go road user charges for commercial vehicles in the EU.

The Directive permits Member States to administer joint commercial vehicle road charging regimes. To date there is only one such multinational charging regime called the Eurovignette, which is run by the Netherlands on behalf of the Benelux countries, Denmark and Sweden. The Eurovignette Directive sets a sliding scale of maximum charges for commercial vehicles dependent on vehicle weight, engine size and emissions and road type. The average cost for a time based user levy is €10 per day up and €1,000 per year.

The 2011 amendment of the Directive required Member States to introduce a distance based rather than a time based charging regime where possible. The Commission is considering introducing a new amendment to the Directive which may require Member States to move to distance based systems, as these better meet the 'polluter pays' principle.

For countries with distance based charging, the charges vary from 3 cents per km in Poland to 30 cents per km in Austria. Criteria which can be included in setting a distance based charge include the vehicle weight, vehicle type, and potential impact on the environment including greenhouse gases, particulates and noise. Foreign registered commercial vehicles face no charges to use the Irish road network, other than on toll roads.

Road charging practice in other member states

The trend among EU Member States is to move to distance based charging e.g. Austria and Germany in 2003, Czech Republic in 2006 and Poland in 2010 Denmark and France will be introducing distance based charging in the next 12 to 18 months. There is considerable variation in the level of charges set among Member States. The Directive sets a relatively low cap for maximum charges under time based permits, with the maximum annual charges ranging from €8 - €10 per day and €800 to €1,550 depending on the size and emission rating of the commercial vehicle.

The following are the road charging regimes are in operation in 2014:

(i) Distance based: Germany, Austria, the Czech Republic, Slovakia, Poland, Portugal and Hungary. Distance based systems have been prepared in Denmark and France but not yet introduced.

(ii) Time based: Belgium, the Netherlands, Luxembourg, Denmark and Sweden make up the Eurovignette group, while the following Member States each operate individual, stand alone time based charging systems: Bulgaria, Romania, Hungary, Lithuania and the UK. Latvia is developing a time based system.

(iii) Tolling on specific roads (with physical barriers): Ireland, France, Spain, Slovenia and Greece.

(iv) No road charging or tolling: Latvia, Finland, Estonia, Malta and Cyprus.

Under a distance based charging system there is no absolute cap on how much a state can charge in the Directive, as the levy is linked to the cost of the infrastructure, and can be increased to include environmental impacts of vehicles. Member States have considerable freedom in setting rates under this scheme, which could vary from less than one cent a km to 30 cents.

Benefits from distance based road charging scheme

- A distance based system captures the externalities of road haulage much more effectively than a time based charge.
- A distance based charge is more effective at increasing the speed of adoption with regard to less polluting vehicles.
- A distance based system can also set different charges at different times of the day or week to reduce congestion or noise pollution.
- A road user charge will apply to foreign hauliers, so foreign hauliers may lose the competitive advantage they currently enjoy as they do not have to pay anything to access Irish roads (bar tolls) while domestic hauliers have to pay motor tax.
- The introduction of a distance based charge will encourage increased efficiencies in the haulage industry as commercial vehicle operators attempt to cut down on kilometres driven, resulting in aggregation of loads and reduced empty running. Charges can be set to favour vehicles with lower emissions, which could contribute to improved standards of vehicles in Ireland.
- Currently the one-off annual payment of a time based charge does not encourage more efficient use of vehicles or improvements to the fleet.
- The potential for increased efficiencies among Irish hauliers will result in improved service to customers.
- Distance based charges are potentially more resource intensive to monitor and enforce, as the on-board units have to be interrogated at various points on the network to ensure they are compliant.
- Enforcement for foreign commercial vehicles would be focused on the ports and along the Border.

Current commercial motor tax situation in Ireland

Ireland's motor tax system has 19 bands for goods vehicles, with tax varying from €333 per annum for goods vehicles of unladen weight of less than 3,000kg (eg vans) to €5,195 for HGVs of more than 20,000kg. To ensure that commercial vehicle operators do not face significant changes to their motor tax bills, a new GDVW classification system needs to be introduced for newly registered commercial vehicles only.

The benefits of a move to GDVW classification of the weight of commercial vehicles include:

- Ireland would be brought into line with the rest of the EU;
- the impact of different classes of commercial vehicle on the road infrastructure would be captured (heavier vehicles place the roadway under higher stress) and motor tax rates could be set to reflect this;
- reduced regulatory burden on hauliers as they would no longer need to have each vehicle individually weighed.

By using a classification system based on emissions it's possible to better capture the impact of commercial vehicles on the road network or environment as a whole.

Classification based on emissions

The Euro class of a commercial vehicle indicates the emissions of the engine – carbon and other gases and particulates. The Euro class standards are set in EU regulations. The Euro 1 standard was introduced in 1992, followed by Euro 2 in 1996. The latest iteration is Euro 6. Each revision of the regulations has set stricter standards for emissions.

Commercial vehicles manufactured in Europe must meet the current Euro class standard. By factoring vehicle Euro class into the calculation of commercial vehicle motor tax, the use of cleaner vehicles can be promoted. Vehicles with higher Euro class could be required to pay lower motor tax rates than vehicles of a similar weight, but lower Euro class. This would help to modernise the commercial vehicles fleet.

An example of the use of Euro class is the Eurovignette road charging system. This scheme is time based with commercial vehicle operators having to pre-purchase a permit or vignette to use the motorways in those countries.

A Eurovignette is required by commercial vehicles of 12 tonnes plus. Eurovignette rates are based on number of the axel number and the Euro class of the engine. Use of the Euro class enables the Eurovignette member states to promote the use of less polluting vehicles by the haulage industry. The number of axels is a proxy for the size/weight of the HGV, and therefore the potential impact on the roadway.

HGV class	Annual fee €
Max 3 axel Euro euro class 0	960
Max 3 axel Euro euro class 1	850
Max 3 axel Euro euro class 2+	750
Min 4 axel Euro euro class 0	1550
Min 4 axel Euro euro class 1	1400
Min 4 axel Euro euro class 2+	1250

The Euro class of a vehicle sets the maximum permitted emissions. There will be a range of emission rates within each class – some engines will produce the maximum emissions, while others will be lower. The EU is currently developing standards for measuring the emission levels of individual models of commercial vehicles, which could give a more accurate assessment of the environmental impact of each model. It is estimated that it will take two years for the EU to complete this work. Once a standard is adopted it would allow for more accurate assessment of the environmental impact of individual models of commercial vehicles. Emissions levels could be considered when classifying commercial vehicles, with higher motor tax for vehicles releasing higher emissions.

Appendix 3

Lottery Funding for the Natural Environment

'Restoring Natural Wealth':

A Lottery funded programme for biodiversity management

During 2013 a broad-based campaign, supported by all sides of the Dáil and Seanad chambers, resulted in the insertion of an amendment into the National Lotteries Bill, subsequently the National Lottery Act 2013. The insertion was placed in Section 41 (1) (f) of the National Lottery Act 2013. It provides for the disbursement of funds for activities relating to the natural environment.

What is the money needed for?

Given scarce public financial resources and high governmental debts, the required spending to support healthy natural environment has not been in place in recent years. This is despite Ireland's dependence on a healthy natural environment and associated ecosystem services for our prosperity, our reputational appeal and our key economic foundations, including our tourism and agri-food industry. Ireland cannot afford to accumulate more ecological debt - through lack of investment in Natura 2000 and biodiversity management in the wider countryside - that will turn into economic losses in the future.

We are now faced with a major opportunity to channel National Lottery Funding to address many of the known challenges facing Ireland. By acting upon this opportunity, DAHG can work with the Irish Environmental Network (IEN) to put in place a structure to solve many of the known problems within existing constraints. The proposal will assist the department greatly by enabling the program to address many of the most pressing challenges facing the department today through a range of innovative and locally based, community driven projects.

For example,

- Substantial challenges in peatland management and conservation are not being adequately addressed, causing biodiversity loss and legal actions from the EU courts of Justice, as well as challenging climate change mitigation objectives. Project funded through this proposed model will assist communities to enact positive peatland management initiatives.
- Delayed actions in improving water quality threaten to hamper many sectors, including fisheries and recreation. Some communities are actively engaged in catchment conservation and water quality initiatives which can, with the kind of financial supports proposed here, roll out positive examples to many more communities.

- Ongoing declines in farmland bird species contradict the 'green' claims of our agricultural sector creating a real risk of reputational damage for this sector.⁶² Enabling local and national civil society groups to apply conservation models with proven results will help to reverse many of these declines.

However, two years have now passed since this legislative change and there has been little progress in allocating the funds to natural environment or in the development of a mechanism to facilitate this very positive development. Specific categories in need of support include Natura 2000; community conservation initiatives; co financing for LIFE funding; farming for conservation; eco-tourism; land purchase for habitat management and protection; marine resources; freshwater habitat and fisheries management; ecosystem resilience in a change climate; and natural environment communication and education.

Employment Generation & the Green Economy

Ireland has a special interest in maintaining a healthy natural environment which in turn provides us with **ecosystem services**, sustains the resource base upon which we so depend and supports the healthy 'green' image used to market Irish produce abroad.

It is widely acknowledged that a healthy natural environment is essential for **sustainable development** and is crucial for competitiveness, employment and prosperity. Ireland is currently facing severe loss of biodiversity and suffering consequent decline of ecosystem services. This is a grave threat to Ireland's prosperity.

Across the EU an estimated 7% of total employment depends on the conservation of biodiversity, both **direct employment** (protection and management activities) and indirect (agriculture, tourism fisheries, forestry). Funds invested in the natural environment can create sustainable employment, giving value for money that is hard to find in any other sector⁶³. Furthermore, strategic use of these funds can leverage EU funding for example in the Life programme of up to 4 euro for every euro spent. Rural Ireland is badly in need of this investment.

Investment in Natura 2000, for example, creates employment⁶⁴ and supports areas that are often in marginal areas where it is difficult to attract outside investment. Support for nature conservation in these locations generates direct employment and delivers additional benefits that are of particular value to fragile local communities and threatened of rural economies. Providing financial support for nature conservation in these areas will also assist with the **delivery of objectives under EU law** that Ireland has been struggling to meet. Indeed the several ECJ actions against Ireland for failures

⁶² Not So Green: Debunking the Myths around Irish Agriculture <http://environmentalpillar.ie/not-so-green-debunking-the-myths-around-irish-agriculture/>

⁶³ Investing for the Future: More jobs out of a Greener European Economy
<http://www.eeb.org/EEB/?LinkServID=41FFA309-5056-B741-DBFD725B2A886A5F>

⁶⁴ Recent research reveals that that investing the necessary 6 billion EUR annually into the Natura 2000 network across the EU could create 180,000 jobs, often in economically less developed areas, without counting wider employment effects in sectors depending on healthy ecosystems.

to deliver specific targets for annexed species and habitats, including those that occur in the wider countryside, will be much aided by this funding if it is targeted appropriately.

The **Action Plan for Jobs** commits to publish and implement a new Plan for the Development of the Green Economy (section 7.3) and an ambition to ensure our economic recovery is underpinned by the principles of a green economy. Facilitating funds to be used to further this at a community level would contribute to its achievement. In the **Government Policy Statement on Growth and Employment in the Green Economy (2012)**, An Taoiseach Enda Kenny cites Ireland's '*outstanding natural environment*' as a key asset underpinning the Green Economy, the latter being heralded as a key driver of economic growth and job creation for Ireland. This government policy statement also states that "*Government will develop the potential of the Green Economy across a range of sectors in a way that respects the environment and the biodiversity that underpins our international image as a Green island.*"

However there are a range of serious shortfalls in this regard which have not been adequately addressed to date, including continuing alarming rates of biodiversity loss across many habitat types in Ireland; serious funding and resource constraints in the agencies tasked with halting the loss of biodiversity and implementing relevant policy; and ongoing infringement cases from the European Court of Justice for failures to implement nature directives. The 7th Environmental Action Programme, agreed during the Irish presidency of the EU, also lays out a number of key objectives and "enablers", all of which will be supported through the implementation of this Lottery programme.

The 2013 addition of natural environment to the National Lottery legislation, if acted upon, can facilitate National Lottery Funding to be channelled through a range of sectoral and community projects, to make positive progress rectifying these deficits in action on biodiversity that is so oft cited as underpinning Ireland's "international image as a green island".

This paper outlines how the Irish Environmental Network can assist DAHG in making significant progress in these challenges by providing a structure to disseminate Lotto funds that is well informed, appropriately targeted, efficient and transparent, to implement much needed projects to improve the quality of Ireland's natural environment.

We also draw your attention to the great value for money that the IEN member organisations have delivered when supported by other government funding streams. An investment of less than 0.9 million euro has produced a return of some 50 million euro in paid and voluntary work dedicated to protecting and enhancing the natural environment.

Proposed funding implementation model

IEN proposes to be the conduit for delivery of a tightly structured program of biodiversity management and restoration supports. The structure proposed by the IEN will allow dissemination of both small and larger scale grants to a range of community groups, environmental NGOs, sporting and recreational groups and educational institutions who successfully apply for funding within a range of criteria and set objectives for the program.

Projects that can be supported by Lottery Funding for the Natural Environment will provide an important 'win –win' to local economies, where local employment generated by such projects is disproportionately beneficial in locations attracting investment is particularly challenging.

IEN is perfectly placed as a professional, independent, efficient, and well respected organisation to be the conduit for delivery of this program. IEN has a well-established national reach and strong record of success with several programs having been successfully delivered in the past or currently operating.

i) **Restoring Natural Wealth: Small scale grants**

A modest two million of Lottery Funding will be allocated to a small scale funding program for environmental projects and small scale capital grants (to a maximum of €10,000). This will allow roll out the program with a significant reach of projects across the country to meet the shortfalls of existing resources and infrastructure. The programme will be open to a range of groups for projects which meet specific criteria that demonstrate competence and experience of the group to carry out the proposed project effectively, for projects that meet specific objectives. These objectives will reflect the collective national challenge of implementing appropriate management and support for protected habitats and species both within protected areas and in the wider countryside in a manner that involves and engages communities in positive action.

ii) **Restoring Natural Wealth: Supporting conservation initiatives**

The second arm of this program will meet large funding requests for land purchase for protection and restoration of annexed habitats; co-financing for European LIFE funding; eco-tourism initiatives; and innovative communication and education initiatives. This arm of the programme will be crucial to enable rescue and restoration of internationally and nationally important habitats and environmental assets. The allocation of this fund would be managed by a panel of assessors according to predetermined and transparent assessment criteria. The panel will be independent but will also have a representative from the Department. IEN will operate the system and manage the process, drawing on the strength of the IEN as an independent, transparent, democratic, efficient and highly professional body.

Suitability of this structure to the National Lottery principles

The purpose of the National Lottery when it was introduced in 1986 was reflected in a number of commitments, namely⁶⁵

- The lottery would not be used for general government purposes
- The lottery would provide entirely additional resources
- Voluntary and community organisations would be the main beneficiaries
- The lottery would operate in a transparent and visible manner

⁶⁵ From 'A Guide to the National Lottery for voluntary and community organisations' by Brian Harvey, 1995, Policy Research Centre, ISBN 0905 957 121

This IEN proposal reflects each of these principles by providing the resources to voluntary and community sector projects that provide added value in a transparent and visible manner for the application of the provision of natural environment clause as provided for in the National Lottery Act 2013.

There is currently no mechanism in place for voluntary and community organisations to apply for lottery funding for natural environment, despite the urgent need to address this shortfall. An assessment of the structures in place for funding of youth activities and for sporting activities from lottery funds reveal that many mechanisms are in place to channel the lottery funding through intermediaries such as the National Youth Council, the Vocational educational Committees, and the National Sports Council. The mechanism proposed here by the IEN is similar to and consistent with these models of dissemination, in particular the Sports Council. Enabling relevant civil society organisations have worked to disseminate national lottery funding in cooperation with the relevant Government Departments and their votes with respect to funding.

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This submission was developed using the Environmental Pillar processes but is not necessarily the policy of each member group in the pillar.

Environmental Pillar members: An Taisce. Bat Conservation Ireland, BirdWatch Ireland. CELT - Centre for Ecological Living and Training. Coast Watch. Coomhola Salmon Trust. Crann. ECO UNESCO. Feasta. Forest Friends. Friends of the Earth. Good Energies Alliance Ireland. Global Action Plan Ireland, Gluaiseacht. Hedge Laying Association of Ireland. Irish Doctors

Environment Association. Irish Natural Forestry Foundation. Irish Peatland Conservation Council. Irish Seal Sanctuary. Irish Seed Saver Association. Irish Whale and Dolphin Group. Irish Wildlife Trust. The Native Woodland Trust. The Organic Centre. Sonairte. Sustainable Ireland Cooperative. VOICE. Zero Waste Alliance Ireland

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Environmental Pillar
Working for a sustainable future

Submission to the Joint Committee on the Future Funding of Domestic Water Services in Ireland.

From the Environmental Pillar

27th January 2017

The Environmental Pillar is comprised of 28 national independent environmental non-governmental organisations (NGOs), who work together to represent the views of the Irish environmental sector. The Environmental Pillar was established as an independent national social partner by decision of the Government in 2009. The work of our members covers a broad range of areas including habitat conservation, wildlife protection, environmental education, sustainability, waste and energy issues, as well as environmental campaigning and lobbying. The members work towards achieving Sustainable Development, according to the Rio Declaration of 1992. These principles require the balancing of the three pillars of Sustainable Development – social, environmental, and economic.

1. Opening Response

Whilst there is much that is welcome in the report, it includes one obvious and serious contradiction. It states that *Excessive or wasteful use of water should be paid for directly by the user at tariffs determined by CER*. It then goes on to make no real proposal on how to decide when there is excess use. Why would it make sense to use tax-payers money to fill a private swimming pool?

As you will see below, the Environmental Pillar policy is that the Polluter Pays Principle should apply to all, with financial transfers back to those that are unable to pay. However the proposal to give consumers a set allowance per person paid for out of taxation could be acceptable as an alternative but only if all users were metered. How would you legally charge someone for use of water unless you can prove that they used it?

There seems at present to be very little said about the considerable impacts on climate change caused by the substantial energy use at all stages of water production and wastewater treatment.

The many questions in the call for submissions underlines the very poor level of knowledge regarding usage in Ireland. This huge knowledge gap can only be filled by a concerted effort over a considerable period of time, and it is well beyond the capability of the Environmental Pillar to fill that gap.

We believe that the debate about domestic water charging must be underpinned by baseline information and analysis on the economics of wider water resource management



in Ireland: the pressures and impacts that other water uses (including agriculture, industry and others) exert on the environment; how charging for water (or other economic policy instruments .e.g. discharge tariffs) could play a role in reducing these pressures and ensuring that the cost of these uses and services are adequately recovered; and how the burden of the costs of environmental protection/restoration (e.g. source protection) could be shared between the various categories of users in a way that is not only fair but also effective. (An analysis of best practices abroad could provide good information on the efficacy of such economic policies.) This baseline economic analysis of water uses, is not only required under Article 5 of the Water Framework Directive¹, but it is critical to improving our understanding of where to best focus economic instruments in order to improve water quality (and thus to inform the selection of cost effective measures under the WFD), and it would also contribute to reassuring domestic water users that they are not the only one required to contribute to this objective.

2. State of Ireland's Water Infrastructure

Ireland is facing an uncertain future in respect to its antiquated and dilapidated water services infrastructure. Much of our water and wastewater infrastructure dates back to the Victorian age with many aging and leaky water and sewerage pipes in addition to many of

¹ 1. Each Member State shall ensure that for each river basin district or for the portion of an international river basin district falling within its territory:

- an analysis of its characteristics,
- a review of the impact of human activity on the status of surface waters and on groundwater, and
- an economic analysis of water use

is undertaken according to the technical specifications set out in Annexes II and III and that it is completed at the latest four years after the date of entry into force of this Directive.

ANNEX III

ECONOMIC ANALYSIS

The economic analysis shall contain enough information in sufficient detail (taking account of the costs associated with collection of the relevant data) in order to:

(a) make the relevant calculations necessary for taking into account under Article 9 the principle of recovery of the costs of water services, taking account of long term forecasts of supply and demand for water in the river basin district and, where necessary:

- estimates of the volume, prices and costs associated with water services, and
- estimates of relevant investment including forecasts of such investments;

(b) make judgements about the most cost-effective combination of measures in respect of water uses to be included in the programme of measures under Article 11 based on estimates of the potential costs of such measures.

our inadequate drinking water and waste water treatment plants. This legacy leaves many areas subject to boil notice orders and larger urban areas facing periodic shortages. The EU has initiated an infringement case against Ireland in relation to 71 wastewater agglomerations. In addition, 38 of the 162 larger urban agglomerations in the country are not meeting wastewater treatment standards under the Urban Waste Water Treatment Directive.²

Infrastructure shortfalls combined with unpredictable weather patterns exacerbated by climate change subject many areas to high risk of either shortages or flooding episodes. If our water services infrastructure continues to breach EU standards, the quality of our ambient waterways is in jeopardy through excessive water abstractions to meet the needs of the population and pollution of surface and ground waters by insufficiently treated sewage discharges.

3. Financial Situation of Irish Water

Irish Water, in its Water Charges Plan to the Commission for Energy Regulation (CER) stated that it will cost €2.078 billion to operate from October 2014 until the end of 2016.³ According to the Office of Public Expenditure, the following table illustrates the costs of Irish Water in 2014:

Irish Water Costs:

Type of Cost	Amount	Financed by
Establishment Costs	€180m	NPRF
Metering Costs*	€539m (excl VAT)	NPRF
New Operational Costs 2014	€120-140m	Third Party sources
Operational Costs 2014	€690m	Local Gov Fund €490m, Non-Domestic Water Charges €200m

² Draft Water Services Strategic Plan, Irish Water (2015)

³ Irish Water Water Charges Plan to the CER (Supporting Information).

<https://www.cer.ie/docs/000979/A%2003%20CER14408%20-%20Irish%20Water%20%20Water%20Charges%20Plan%20Submission%20Supporting%20Information.pdf>



Capital Costs 2014	€240m	Equity injection
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*Estimated 160,000 (of the total 1.05m) water meters have been installed⁴

According to the Irish Water's 2014 testimony before the Joint Oireachtas Committee on the Environment, Culture and the Gaeltacht, "[i]n 2009 the Water Services Investment Programme would have cost €6bn to implement. Indeed the overall requirement to upgrade services has been estimated at €10bn. Since 2009 we invested €1.5bn in our water services infrastructure."⁵ Ireland still has a long way to go to upgrade its services.

Looking at historic costs in relation to the provision of water services, the State has consistently earmarked around €1.3 billion annually for operations and capital investment. In the past, this amount was paid through general taxes and is estimated that in 2010 it cost the State €632 per household to provide water services.⁶ It is now estimated that it costs the State €594 per annum to provide both drinking water and sewerage treatment services to each household.⁷ As each household with two adults will pay €260 gross (not including the €100 water conservation grant) or €160 for single adult households, there will be a significant shortfall in the revenue needed by Irish Water to provide its services. This will be paid through general revenue or through outside investment. Figures provided by the CSO indicate that in 2011, there were over 1.649 million households.⁸ Simple calculations demonstrate that it will cost nearly €980 million to provide water services. However, delving further into the types of households in the country, a rough calculation reveals that the current water charging structure will bring in around €330 million⁹, €650 million shy of what is needed to simply run the system, let alone invest in the aging infrastructure.

⁴ <http://per.gov.ie/wp-content/uploads/46.-Irish-Water-Costs.pdf>

⁵ <http://www.water.ie/news/summary-of-submission-by-/Irish-Waters-Submission-to-the-Joint-Oireachtas-Committee-on-the-Environment-Culture-and-the-Gaeltacht-11th-February-2014..pdf>

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<http://www.oireachtas.ie/parliament/media/committees/environmenttransportcultureandthegaeltacht/Revised-Opening-Statement-Dr-Edgar-Morgenroth.pdf>

⁷ <http://www.irishtimes.com/news/consumer/water-in-ireland-to-cost-more-than-in-most-eu-states-1.1884342>

⁸

http://www.cso.ie/quicktables/GetQuickTables.aspx?FileName=CNA29.asp&TableName=Private+Households+by+size&StatisticalProduct=DB_CN

⁹ There are approximately 607,315 single adult households (x€160) and 963,895 two adult households (x€260). This would bring in €347,783,100 plus fees from holiday homes and rental homes €7,211,313 = €354,994,413.

Additionally, the country has committed to invest €600 million each year to improve the infrastructure through capital spending.¹⁰ The question remains, where will this money come from? Either the water charges scheme needs to be re-evaluated or an Irish authority with responsibility for water must be able to raise needed capital from investors. Either way, the financial structure of our national water services entity must meet the fiduciary requirements set by Eurostat that more than 50% of its operations are funded by users to remain off budget. If this test is not met, then the funding of water services goes back on budget and will adversely affect Ireland's deficit level.

The Environmental Pillar, in recognising the gross waste of water through leakages and the antiquated water and wastewater treatment services, advocates a household water charge that achieves the two-pronged result of reducing water consumption and generating revenue to upgrade both the water and sewerage treatment systems and to repair leaky distribution pipes. This charge must be directly based on the amount of water used and waste services provided.

We support the establishment of a public service Irish water authority to oversee the management of this vital resource. This authority would act on behalf of the government who remain trustees of the water. The Irish water authority must always remain a public entity. This authority should create better economies of scale in the treatment and distribution of drinking water and the treatment of sewerage, and to enable off-balance sheet borrowing to support the necessary infrastructural work. We also believe that a well-managed authority would be well placed to protect drinking water sources and to impose measures to ensure that such waters achieve 'good ecological' status for all waters by 2015, as is required under the EU Water Framework Directive (WFD). The achievement of high quality drinking water is derived not only by effective treatment, but also by protecting the quality of ambient water sources. The regulation, enforcement and monitoring of water, whether it be protecting the quality of source water, or water/sewerage treatment, must go hand in hand to establish a seamless, integrated system to protect water quality and quantity.

However, some households are already paying under the Rural Water Scheme -- around 170,000 households with average fee of €100 calculating that some homes have 1 adult and some have 2 (take away €17,000,000) plus those households with septic tanks not billed by Irish Water (440,000 tanks, of which 170,000 in rural water schemes, 115,000 in holiday homes leaves a remainder of 155,000 with average fee of €50 calculating that some homes have 1 adult and some have 2. (€7,750,000). This leaves a total of around €330,244,413 per annum

¹⁰ <https://static.rasset.ie/documents/news/speech-by-minister-alan-kelly.pdf>



4. Current water regulation

Under the Water Framework Directive (WFD), all EU States must ensure that their waters reach 'good ecological' status by 2015. According to EPA, 84.7% of groundwater, 52% of rivers, 47.3% of lakes and 64% of transitional waters have reached 'good' or 'high' ecological status.¹¹ While there has been progress made in improving our waters, there is still a long way to go to reach the WFD's 2015 target.

There are so many stresses on the quality of lakes, streams, rivers and other water bodies, including industrial discharges, farming, sewerage treatment plants, forestry, landfills, mining, boating, fishing and other recreation, and aquaculture, with many activities regulated on a county-by-county basis. As river basins cross over county lines, it is crucial that the combination of these stresses do not deteriorate Irish waters any further. As an example, what is done in Dublin can have a huge impact on water quality in Wicklow. Additionally, there are so many national departments and agencies that have cross-over authority over different aspects of a water body, for example, the OPW has jurisdiction over flooding, ESB has jurisdiction over power generation and Inland Fisheries Ireland has jurisdiction over fisheries, that we are concerned that the communication between departments/agencies and local authorities are limited and that public participation is scarce.

5. A publicly-owned national utility.

We support the establishment of a public service Irish water authority to oversee the management of this vital resource. This authority would act on behalf of the government who remain trustees of the water. The Irish water authority must always remain a public entity. This authority should create better economies of scale in the treatment and distribution of drinking water and the treatment of sewerage, and to enable off-balance sheet borrowing to support the necessary infrastructural work. We also believe that a well-managed authority would be well placed to protect drinking water sources and to impose measures to ensure that such waters achieve 'good ecological' status for all waters by 2015, as is required under the EU Water Framework Directive (WFD). The achievement of high quality drinking water is derived not only by effective treatment, but also by protecting the quality of ambient water sources. The regulation, enforcement and monitoring of water, whether it be protecting the quality of source water, or water/sewerage treatment, must go

¹¹ EPA Report, "Water Quality in Ireland 2007-2009"

hand in hand to establish a seamless, integrated system to protect water quality and quantity.

Whether there ever was a 'hidden agenda' in this regard or not, the Government needs to recognise that mistrust has now become so pervasive that it needs very strong action, above and beyond the commitments already made, in order to address this (e.g. through a plebiscite or referendum).

6. Septic Tanks

Ireland has 440,000 septic tanks throughout the country-side. Under the Water Services (Amendment) Act 2012, all owners of septic tanks and other small waste water treatment systems must register with their local county councils. The EPA has begun its inspection process on risk-based approach to prioritise areas of higher risk. Approximately 1,000 septic tanks were inspected in 2013-2014. These inspections revealed the following:

- 987 inspections were carried out
- 476 systems (almost 50%) failed the inspection and received an advisory notice
- The most common reason for failure was lack of de-sludging
- 52% of sites with private wells failed the inspection
- 79% of inspected systems more than 50 years old failed the inspection
- 79% of the inspected systems are now compliant with the regulations¹²

These statistics reveal that the most common reason for tank inspection violations was the failure to de-sludge. The government should initiate a national public awareness 'De-sludging' campaign on the need to de-sludge septic tanks. Owners should also be made aware of the necessity to not use chemicals that kill the bacteria in septic tanks that are degrading the sludge.

At the current rate of the national inspection programme, it will take 440 years to inspect all septic tanks. Historically, many of these were sited improperly, especially during the building boom in the 1990s and early 2000s. Additionally, many householders have failed to de-sludge their septic tanks, releasing contaminated water that can carry pathogens

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<http://www.epa.ie/pubs/reports/water/wastewater/Report%20National%20Inspection%20Plan%20Web.pdf>



(bacteria/e-coli) and harmful chemicals into the environment, including ground and surface waters. Since many households that have septic tanks also have their own wells, these releases can contaminate drinking water which can cause serious illness.

The Department of Environment, Community and Local Government established a grant system to remedy problems raised through the septic tank inspection programme. However, this grant scheme is limited to those tanks that have been inspected. There is no incentive for households to repair, replace or re-site their septic tanks voluntarily. This glacial speed of inspections along with limitations associated with the loan programme cannot yield positive results and will delay any beneficial impacts the registration and inspection regime sought to create.

7. Pause the roll-out of metering

But make use of existing meters for information Similarly, it has now become difficult to distinguish between the opposition to metering versus the opposition to the principle of having to pay for public water services, since these two aspects of the reform were introduced simultaneously. The issues that arose in relation to having the meter installation campaign conducted at such an ambitious pace and scale (with lack of public engagement) are likely to have compounded this opposition. Therefore, we advocate a pause in the metering campaign until a form of consensus can be reached about the future funding model for public water services. However, existing meters can be a rich source of information for households and to inform the development of water services (see below).

8. Financing adequate investment in quality water services

Finance investment through taxation for now. Because of the confusion between financing, metering and privatisation, compounded by other factors such as poor engagement, lack of transparency and the austerity context, resistance to charges has become very entrenched among a significant proportion of the population, as reflected by a collection rate of 53% in the first year (before suspension). The situation is unlikely to improve significantly in the near- to mid-term (especially since those who were initially willing to pay have now been dis-incentivised to do so). Therefore, even though we think that domestic water charges should in principle have a significant role to play for funding public water services, we must also acknowledge that they are unlikely to generate a level of revenue that is close to meeting Irish Water's financing needs, especially as these needs are known to be massive after years of under-investment. So, unless and until the situation is such that domestic water charges can contribute to the sustainable financing of Irish Water (and it could take some years to rebuild the trust in the system required for a sustainable majority of domestic users to consider accepting charges), there is clearly no other option other than for the



Exchequer to provide the financial resources required. However, in order not to continue with the unacceptable situation of previous decades, where funding was both insufficient and 'ad hoc', we advocate that the Government should clearly commit to ring-fencing the budget required to fully finance a 5-year investment programme by Irish Water that would specify the list of outputs to be delivered in order to achieve two key outcomes:

- Compliance with the requirements of the Urban Waste Water Treatment Directive through the building and/or upgrade of the necessary wastewater treatment plants (this would improve the quality of the water environment by reducing point source pollution, meet relevant objectives under the Water Framework Directive (see above) and address the current EU Commission infringement case (2013/2056) against Ireland)
- Measurable Improvements to the quality of the water services delivered to users so as to initiate a virtuous circle whereby people would be more satisfied with the service (and Irish Water) and thus more willing to pay for them (and trust the utility).

This period should be used to conduct a comprehensive evidence-based analysis of the environmental, legal, social and financial considerations necessary to inform a decision regarding domestic water charging that meets the requirements of the WFD for sustainable water management whilst also addressing affordability concerns.

9. A commitment to meaningful public engagement and participation.

In tandem with this, we believe it is crucial, that significant efforts and resources be invested during this time in a comprehensive national public engagement programme. This with a view to: beginning to build a relationship of trust with the public; increasing the perception of the value of natural water resources and public water services; raising awareness of the impact that water services have on the environment and the costs of delivering these; and exploring the different ways of both conserving and paying for water (e.g. various mixes of taxation and tariff models). This engagement should then influence and inform future policy development in relation to water services (in addition to wider water management).

Necessary information and baseline data to inform future policy Domestic water use: Future decisions about water policy, and domestic water charging specifically, must also be underpinned by robust data, facts and evidence that have been lacking so far. Firstly, while meters have prompted vehement opposition as a pricing tool, they could deliver significant benefits as an information tool, and we recommend that those that are already in place be used to:

- Better understand the level and drivers of consumption across different types of households;



- Raise awareness among households of their usage and how it compares to benchmarks (e.g. the average consumption in the neighbourhood). There is evidence that this could be an effective behavioural incentive for reducing consumption;
- Compare the impact of consumption reduction campaigns/incentives in metered vs non-metered areas.

This could be done as a number of pilot projects carried out as part of the public engagement programme. Moreover, any household that has a meter should be able to easily access their usage information, through web, phone app, and quarterly email.

10. Licensing

Licensing for discharges into water bodies is currently done by many different agencies, both local and national. IPPC licences for large industries and farms are issued through EPA, Section 16 discharge permits into sewerage treatment plants are now controlled by Irish Water (transferred from local authorities after the establishment of Irish Water) and Section 4 discharge permits directly into water bodies are issued by the relevant local authorities. We fear that there is a lack of communication between the relevant authorities and additionally that the local authorities do not have the capacity to adequately monitor and enforce section 4 licenses as many of the local authority water staff have been seconded onto Irish Water. Water abstractions are currently regulated by local authorities, but the licensing of such activities is sparse with many abstractions being done without permits.

The current regulation of water abstractions is woefully lacking as there are no uniform standards across the country and many abstractions go unlicensed by the local authorities. Irish Water has stated that “Irish Water assets comprise our water resources (in particular our rights of abstraction)”.¹³ We believe that Irish Water’s claim to its ‘rights of abstraction’ should not be absolute and that these ‘rights’ should not be included in their list of assets. Assets should refer to the treatment plants and the pipes alone. When granting abstraction licenses, we conclude that Irish Water and rural water schemes should have priority over other commercial abstractions, but all abstractions must be granted only after the water source, the natural environment and habitats and biodiversity is protected under a strict adherence to the Water Framework Directive. In short, abstractions must be centrally controlled and licensed.

¹³ Irish Water Water Services Strategic Plan, p. 32

RECOMMENDATIONS:

1) Water Charges

The Environmental Pillar supports domestic water charges based on a pay-for-use basis through metering. The current rate schedule of charging without regard to the amount of water used is the worst of all worlds. It does not have the intended result of encouraging a reduction of water usage and resembles more of a tax rather than a user charge, like other utilities. We are sensitive to households that are facing hardship and believe that accommodations can and should be made in these situations similar to the current scheme under the Household Benefits Scheme under the Department of Social Protection. Those who can pay, should pay, and those that cannot pay should receive assistance.

Consumer rates must be lower than commercial rates. As industries and other businesses are for-profit companies that use more water and potentially pollute more than individuals, they should pay a higher rate.

TASC, an independent Irish think-tank, has proposed the imposition of water credits whereby all households are charged for the water they consume. However, to address households experiencing deprivation and/or those with special needs (such as for a disability), a water credit system would be in place to offset charges. These households would register for water credits by declaring their incomes and other relevant circumstances through self-assessment, similar to the property tax registration. TASC also calls for the establishment of a progressive water usage rate to increase the per cubic meter rate as consumption rises. The Pillar supports this structure as a better system to award reduced consumption, penalise higher consumption, generate income and assist those households that find it difficult to pay for their water. Access to good quality drinking water is a human right and those who truly cannot afford to pay should not face water cut-offs or reduced pressure.¹⁴

2) Water Conservation and Protection Measures

To encourage additional water conservation, the government should provide free low flow shower heads or toilets, or allow tax relief at the standard rate for the installation of systems that reduce water consumption and/or the installation of rainwater harvesting systems to reduce the demand on treated water supply. Systems that divert rain-water away from public sewers, and so prevent storm overloads at sewage treatment plants,

¹⁴ TASC Policy Brief: [Equitable Water Charging](http://www.tasc.ie/download/pdf/tasc_equitable_water_charging_policy_brief_april_2014.pdf).

http://www.tasc.ie/download/pdf/tasc_equitable_water_charging_policy_brief_april_2014.pdf?issuusi=ignore



should also be encouraged. In this context, where possible, only permeable surfaces should be acceptable in planning permissions for new developments.

Additionally, the current septic tank grant programme should be extended to assist financially-strapped households to upgrade non-compliant septic tanks as an urgent matter. The grant programme should not be limited to the small amount of tanks that have been inspected and failed to meet quality standards. Separately, a different low- or no-interest loan scheme could be developed for non-compliant tanks that have not been inspected but where the owners want to come into compliance and do not have the financial resources to do so. Lastly, the government should initiate a 'De-sludge Your Septic Tank' public awareness campaign.

3) Licensing

- All water discharge licenses must be issued through a national regulatory entity such as EPA or an Irish water authority. Currently, while the issuance, monitoring and enforcement activities of Section 16 licenses (discharging into wastewater treatment plants) have been transferred to Irish Water, Section 4 licenses (discharging directly into waterways) continue to be issued, monitored and enforced through the local authorities that don't have the resources or personnel necessary to police license infractions.
- There must be three-way communication between EPA, the Irish water authority and the RBD (River Basin District) offices when issuing discharge permits to ensure that such a discharge will not overload the river basin capacity.
- A data base of all current abstractions, both licensed and unlicensed must be compiled and available on a central publicly accessible site.
- Abstraction licensing (Irish Water is the largest abstractor in the country), on-site wastewater systems licensing and land drainage decisions must all be done through the EPA.

4) Climate Change

Climate Change prevention and adaptation measures must be integrated into all planning and implementation of water services.



Environmental Pillar
Working for a sustainable future

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This policy was developed using the Environmental Pillar processes but is not necessarily the policy of each member group in the pillar.

Environmental Pillar members: An Taisce. Bat Conservation Ireland, BirdWatch Ireland. CELT - Centre for Ecological Living and Training. Coast Watch. Coomhola Salmon Trust. Crann. ECO UNESCO. Feasta. Forest Friends. Friends of the Earth. Good Energies Alliance Ireland. Global Action Plan Ireland, Gluaiseacht. Hedge Laying Association of Ireland. Irish Doctors Environment Association. Irish Natural Forestry Foundation. Irish Peatland Conservation Council. Irish Seal Sanctuary. Irish Seed Saver Association. Irish Whale and Dolphin Group. Irish Wildlife Trust. The Native Woodland Trust. The Organic Centre. Sonairte. Sustainable Ireland Cooperative. VOICE. Zero Waste Alliance Ireland