



**Environmental Pillar**

Working for a sustainable future

Proposals for a more  
sustainable, resilient and  
equitable  
Ireland

**Budget 2023**

## Summary

This year's Budget takes place under the backdrop of war in Europe, a lingering global pandemic, a cost of living crisis and of course the ongoing climate and biodiversity crisis. Each of these issues present serious challenges to policy-makers, however, it should be acknowledged that underlying these challenges is the fact that we are living beyond our ecological boundaries and that policy solutions which ignore, or worse exacerbate, ecological pressures will ultimately fail to solve these issues in the short term and fail to create a resilient, flourishing and fair society in the longer-term.

Achieving environmentally sustainable energy security, warmer homes and a sustainable food system has never been more urgent. We need policies which work together to protect vulnerable households from the cost of living rises while ensuring that our long-term goal of a sustainable and biodiversity-rich Ireland are not compromised. In our pre-budget submission for 2023, the Environmental Pillar is proposing a number of measures and policies which will help us reach this goal.

### **Seven areas of action for a more environmentally sustainable, resilient and equitable Ireland**

#### **1. Tackling the rising cost of living in an environmentally sustainable way**

- The Environmental Pillar supports the use of carbon tax revenues to fund measures which target energy poverty and mitigate the impacts on low-income households, through both social protection measures and retrofitting homes.
- Government should, as a matter of urgency examine social protection payments with a view to increasing them to directly address energy poverty and deprivation.
- the Environmental Pillar supports the calls from the social justice sector for the benchmarking and indexation of social protection payments

#### **2. Remove Environmentally damaging subsidies**

- Government should expedite the review of fossil fuel subsidies in the transport sector, including aviation, to be expedited and the inclusion of other environmentally damaging tax subsidies across other sectors. Fossil Fuel subsidies should be removed by 2030.

#### **3. Incentivising sustainable development**

- The Environmental Pillar calls on Government to introduce a Site Value Tax to encourage the sustainable and efficient use of land.

#### **4. Supporting sustainable transport**

- The Environmental Pillar calls for a mixture of parking and road pricing/congestion charges to be introduced in our cities, starting with Dublin.

- The Environmental Pillar welcomes recent reductions in public transport fares, especially those for young people and school transport and believes that consideration should be given to expanding both the level of reductions and the criteria for qualifying for free school transport.

## **5. Supporting the circular economy**

- Reduction in VAT on repair services to 0%
- A levy on aggregates used in the construction industry
- Tax on unrecycled plastic packaging through the EU Plastics Own Resource Contribution: EU €0.80/kg tax on unrecycled plastic packaging should be covered by the Extended Producers Responsibility Scheme for packaging in Ireland to adhere to the ‘polluter pays’ principle, rather than by the General Exchequer, which is the case currently.

## **6. Investing in Nature**

- Government should set up a €1.5 billion Nature Restoration Fund to meet current identified spending needs and start the process of restoring nature.
- The Environmental Pillar is calling on Government to substantially increase funding to achieve environmental compliance in the future.
- Government must maintain the trajectory of NPWS funding increases so it can coordinate the national response to biodiversity loss and draw up a road map which goes beyond the next three years that will outline the necessary funding for the NPWS over the coming decade.
- Budget planning should include mitigation of risks to the state of not achieving biodiversity action and implications to livelihoods, flood capacity, ability to withstand climate breakdown.
- Biodiversity cost benefit analysis should be undertaken for every government policy decision
- Introduce Community Woodland legislation to provide communities the right to take-over public lands for woodlands and facilitate access for funding to enable them to manage them.

## **7. Implementing a Well-being Framework**

- Government should ensure the addition of ‘hard environmental boundaries’ to the Wellbeing Framework
- We therefore strongly recommend that the measure of disposable income be replaced by a measure of financial equity, and that the measure of ‘wealth’ also be presented solely in relative terms.
- We call on Government to broaden the Green Budgeting analysis to include all environmental impacts
- Government should require that departmental bids for budgeting be made with reference to wellbeing
- Government should create an oversight body such as a Commissioner for Future Generations to ensure that the objectives of the Framework are being addressed

## Environmental Pillar Proposals for Budget 2023

This year's Budget takes place under the backdrop of war in Europe, a lingering global pandemic, a cost of living crisis and of course the ongoing climate and biodiversity crisis. Each of these issues present serious challenges to policy-makers, however, it should be acknowledged that underlying these challenges is the fact that we are living beyond our ecological boundaries and that policy solutions which ignore, or worse exacerbate, ecological pressures will ultimately fail to solve these issues in the short term and fail to create a resilient, flourishing and fair society in the longer-term.

Achieving environmentally sustainable energy security, warmer homes and a sustainable food system has never been more urgent. We need policies which work together to protect vulnerable households from the cost of living rises while ensuring that our long-term goal of a sustainable and biodiversity-rich Ireland are not compromised. In our pre-budget submission for 2023, the Environmental Pillar is proposing a number of measures and policies which will help us reach this goal.

### **Seven areas of action for a more environmentally sustainable, resilient and equitable Ireland**

#### 1. Tackling the rising cost of living in an environmentally sustainable way

The rising cost of energy and its impact on the cost of living and low-income households in particular has prompted many calls for a policy response through the taxation system. Government has already responded by cutting excise duties and extending VAT cuts in the short term and through direct subsidies to households and the reduction of public transport fares. The rising energy prices across the globe threaten to undermine progress towards GHG emissions reductions and biodiversity protection. The Environmental Pillar believes that the cost of living crisis can be tackled in a way which does not compromise our climate and biodiversity goals and protects vulnerable households. Of prime importance is the maintenance of the carbon tax and its price trajectory towards 2030 as laid out in the Climate Action Plan 2021. Coupled with this is ensuring progress towards the systematic removal of all fossil fuel supports from the taxation system, which serve to undermine the efficiency of environmental taxes. The impacts of the rise in the cost of living manifest themselves across a wide range of goods and services including energy, food, housing and transport, which in turn require a corresponding wide range of solutions. These policy responses should focus on easing short-term hardship while ensuring that Ireland moves to a more sustainable, energy secure, equitable and resilient future.

**The Environmental Pillar continues to support the use of carbon tax revenues to fund measures which target energy poverty and mitigate the impacts on low-income households, through both social protection measures and retrofitting homes.**

Research published by the ESRI<sup>1</sup> support the Pillar position that policy measures aimed at protecting those experiencing energy poverty and deprivation are best undertaken through the social protection

<sup>1</sup> Barrett, M., Farrell, N., Roantree, B. (2022) 'Energy poverty and deprivation in Ireland  
<https://www.esri.ie/publications/energy-poverty-and-deprivation-in-ireland>

system than through a reduction in the carbon tax or excise duties. Social protection measures are a more targeted and cost-effective means of meeting the needs of lower-income and vulnerable households. In addition, cuts in the carbon tax and excise duties will undermine our efforts to reduce GHG emissions.

Globally we are faced with an energy crisis which will requires both long- and short-term solutions. As a matter of principle, Government should be focusing on ensuring adequacy in social protection measures: No person, young or old should be experiencing poverty and deprivation, be that energy, food, housing etc. In the short-term, **specific social welfare payments should be increased**. An example of the types of payments that could be considered are those discussed in the ESRI report, (double social welfare payment, doubling of the fuel allowance, an energy tax credit) and those recently proposed by a coalition of anti-poverty and environmental organisations including many Pillar member organisations (including but not limited to, increases in core welfare rates of €20, increases for Qualified Children (IQCs) payments, a doubling of the Fuel Allowance rate, widening eligibility for the Fuel Allowance).<sup>2</sup>

**Government should, as a matter of urgency examine social protection payments with a view to increasing them to directly address energy poverty and deprivation.**

Beyond Budget 2023 however, as part of a **fair transition**, the Environmental Pillar supports the calls from the social justice sector for the **benchmarking and indexation of social protection payments** at a level which ensures adequacy of income, a measure which will address poverty and ensure that vulnerable households are not disadvantaged by the move to a low carbon economy and economy.

**Government should benchmark and index of social protection payments at a level which ensures adequacy of income**

The Environmental Pillar is concerned that any reductions in tax revenue would come at the expense of much needed infrastructure investment. The Climate Action Plan (2022) lays out investment in the transport, residential and energy sectors that cannot be scaled back or delayed.

## 2. Remove Environmentally damaging subsidies

Carbon and excise taxes on fuel perform an important role in incentivising behavioural change; however, this role is undermined by measures in the taxation system which subsidise the use of fossil fuels and other climate damaging activities.<sup>3</sup> The Pillar welcomes the commitment in the Climate Action Plan (2021) to “**develop roadmap for review and transition away from fossil fuel tax subsidies in transport sector**”<sup>4</sup>. However, the Pillar is concerned at that the timeline set out in the Climate Action

<sup>2</sup> See [https://www.foe.ie/assets/files/pdf/joint\\_letter\\_on\\_energy\\_poverty\\_and\\_energy\\_pollution.pdf](https://www.foe.ie/assets/files/pdf/joint_letter_on_energy_poverty_and_energy_pollution.pdf) for more details. See also FOE (2022), <https://www.foe.ie/news/a-5point-plan-for-government-to-cut-bills-save-energy-and-reduce-pollution/>

<sup>3</sup> OECD (2021), *Environmental Performance of Ireland* <https://www.dfa.ie/media/missions/preparis/OECD-Environmental-Performance-of-Ireland.pdf>. The CSO estimated that in 2020 total fossil fuel subsidies amounted to €2.2bn, of which 13% were direct and 87% were indirect subsidies <https://www.cso.ie/en/releasesandpublications/ep/p-ffes/fossilfuelsubsidies2020/keyfindings/>

<sup>4</sup> DECC (2020), *Climate Action Plan 2021*, p.151

Plan is too long, given the need to reduce 51% of GHG emissions by 2030 and that it is confined to fossil fuel subsidies in the transport sector. The Climate Change Advisory Council (CCAC) has called for the “rapid phasing out of such subsidies”<sup>5</sup>, a call the Pillar endorses. The CCAC also identified the VAT exemption on nitrogen fertilisers<sup>6</sup> as damaging to both climate and the environment in general, in particular water quality. The 0% VAT rating for nitrogen fertiliser should be reviewed and planned for removal.

The **aviation industry** continued to be one of the largest beneficiaries from fossil fuel subsidies across the globe<sup>7</sup>. The Pillar welcomes measures to address this at a European level as part of the *Fit for 55* package, however, we are concerned that these measures will not be applied to extra-EU flights. A number of EU countries have introduced a tax/duty on passengers/tickets to address the lack of excise duty on fuel and most also charge VAT on domestic flights (Ireland does not). This situation means that domestic flights continue to be subsidised at a time when private car users are being encouraged to purchase expensive electric vehicles

Government should examine the treatment of aviation in its review of fossil fuel subsidies, remove the exemption on VAT for domestic flights and introduce a tax/duty on extra-EU flights should the EU proposals on aviation continue to neglect the reduction in subsidies for flights leaving the EU.<sup>8</sup>

**The Environmental Pillar calls on Government for the review of fossil fuel subsidies in the transport sector, including aviation, to be expedited and the inclusion of other environmentally damaging tax subsidies across other sectors. Fossil Fuel subsidies should be removed by 2030.**

### 3. Incentivising sustainable development

Ireland’s settlement patterns make addressing the climate and biodiversity crises and providing key public services more difficult. A Site Value Tax (SVT) can help address this issue by encouraging a more efficient use of land. SVT disincentivizes the under-use of valuable land and discourages land hoarding and dereliction in urban areas. SVT also make it possible to capture gains made by the land owner from increasing prices due to improvements in the locality which have been made by the state or the community rather than the land owner themselves.<sup>9</sup> Importantly for climate action, it does not discourage energy efficiency improvements made to the buildings on the site, such as deep

<sup>5</sup> Climate Change Advisory Council (2020), *Annual review 2020*, p.8

<sup>6</sup> Morganrath, Murphy and Moore (2018), ‘The Environmental Impact Of Fiscal Instruments’, criticised the 0% rating for fertiliser while also highlighting the possible impact on small farmers and proposed the following: “Also, the heterogeneity of farms in Ireland means that this change in the tax system could disproportionately affect small, struggling farmers, who are likely to be low-intensity users of fertiliser. Perhaps an appropriate solution in Ireland would be to charge a normal rate of VAT on fertiliser, thus removing the effective subsidy, but to refund this on the basis of farm size and type. Thus farmers would only be refunded for using the correct amount of nitrogen used, penalising them for excess usage and rewarding them if they use a lower amount than their allocation.” P.22, <https://www.esri.ie/publications/the-environmental-impacts-of-fiscal-instruments>

<sup>7</sup> Including in the ETS

<sup>8</sup> See Morganrath, Murphy and Moore *op.cit.*, for proposals on taxes and duties in aviation.

<sup>9</sup> For the benefits of Site Value Tax see Collins, M., and Larragy, A. 2011. A Site Value Tax for Ireland: Approach, Design and Implementation. TEP Working Paper No. 1911; Social Justice Ireland (2020), ‘Site Value Tax should form part of the Programme for Government’ <https://www.socialjustice.ie/content/policy-issues/site-value-tax-should-form-part-next-programme-government> ; Gurdgiev, C. 2009. Macroeconomic Case for a Land Value Tax Reform in Ireland. <http://smarttaxes.org/wp-content/uploads/2009/05/macroeconomic-impact-of-a-land-value-tax-c-gurdgiev.pdf>

retrofit and there is evidence that it can encourage more urban density, tackle urban sprawl and promote regeneration in regional towns.<sup>10</sup>

As is currently the case with the Local Property Tax (LPT), SVT liability should fall on the property owner, rather than any tenant. In addition, similar to the LPT, deferments for those who have difficulty paying should be built into the system. It is important to stress that like taxes on property, SVT must be accompanied by a robust planning system<sup>11</sup> in order to ensure that undesirable social developments are avoided.<sup>12</sup>

**The Environmental Pillar calls on Government to introduce a Site Value Tax to encourage the sustainable and efficient use of land.**

#### 4. Supporting sustainable transport

Reduction of emissions in the transport sector will require a mix of both the take-up of electric vehicles and a modal shift to active travel and public transport. While the take-up of electric vehicles will be an important part of the solution in the transport sector, private road transport is also responsible for other negative externalities including traffic congestion and use of public space.<sup>13</sup> It has been estimated by the Department of Transport that cost of ‘aggravated congestion’ was approximately €358 million in 2012 and would rise to €2.08 billion per year in 2023.<sup>14</sup> As argued by the CCAC, technological change will not be sufficient in this sector, real behavioral change will also be required.<sup>15</sup> A way of doing this is through the introduction of road and/or congestion charging, accompanied by parking charges in key urban areas.<sup>16 17</sup>

The Pillar welcomes the commitment to examine the potential of road-user charging measures and parking pricing in a number of user areas contained in the Climate Action Plan.

**The Environmental Pillar calls for a mixture of parking and road pricing/congestion charges to be introduced in our cities, starting with Dublin.**

<sup>10</sup> Banzhaf and Lavery examine evidence from Pennsylvania, (2010) *Journal of Urban Economics* Can the land tax help curb urban sprawl? Evidence from growth patterns in Pennsylvania

<sup>11</sup> Scottish Land Commission (2018) <https://centaur.reading.ac.uk/81081/1/Land-Value-Tax-Policy-Options-for-Scotland-Final-Report-23-7-18.pdf>

<sup>12</sup> Löhr D. and Richters O. (2020): Land value taxation. Reconciling economic, social and ecological interests. Transformation Policy Brief #3. ZOE-Institute for future-fit economies <https://zoe-institut.de/en/publication/3487/>

<sup>13</sup> OECD (2021), *Environmental Performance of Ireland* <https://www.dfa.ie/media/missions/preparis/OECD-Environmental-Performance-of-Ireland.pdf>

<sup>14</sup> Economic and Financial Evaluation Unit (2017) *THE COSTS OF CONGESTION: An Analysis of the Greater Dublin Area*

<sup>15</sup> The report gives a good outline of the various congestion charging schemes in a number of cities, e.g. London, Milan and Stockholm, each of which recorded emissions reductions in CO2 between 14% and 15% and NOX reductions of between 13% and 19%. The paper also gives the example of Vancouver where a mixture of parking charges and road pricing led to a bigger reduction in single occupancy trips than any other measure.

<sup>16</sup> OECD (2021), *Environmental Performance of Ireland* <https://www.dfa.ie/media/missions/preparis/OECD-Environmental-Performance-of-Ireland.pdf>

<sup>17</sup> Transport Infrastructure Ireland (2020) *Sustainable Mobility Policy* [https://www.tii.ie/tii-library/strategic-planning/strategic-reports/TII-Sustainable-Mobility-Position-Paper\\_Issued\\_231120.pdf](https://www.tii.ie/tii-library/strategic-planning/strategic-reports/TII-Sustainable-Mobility-Position-Paper_Issued_231120.pdf)



A substantial increase in number of journeys taken by public transport will also be vital to decreasing emissions from the private car. The Pillar welcomes recent reductions in fares, in particular for young people, and believes there is scope to make further reductions. The waiving of fees for school transport for those who qualify in the coming year are particularly welcome. The Pillar believes that consideration should be given to expanding both the level of reductions for public transport fares and criteria for qualifying for free school transport over the coming years.

**The Environmental Pillar welcomes recent reductions in public transport fares, especially those for young people and school transport and believes that consideration should be given to expanding both the level of reductions and the criteria for qualifying for free school transport.**

## 5. Supporting the circular economy

The taxation system has an important role to play in promoting the circular economy. By incentivising re-use we can reduce resource use and minimise waste. The Circular Economy Bill is currently before Seanad Éireann, however, there are measures outside of the bill that should be considered by Government.

- Reduction in VAT on repair services to 0%
- A levy on aggregates used in the construction industry
- Tax on unrecycled plastic packaging through the EU Plastics Own Resource Contribution: EU €0.80/kg tax on unrecycled plastic packaging should be covered by the Extended Producers Responsibility Scheme for packaging in Ireland to adhere to the ‘polluter pays’ principle, rather than by the General Exchequer, which is the case currently.

## 6. Investing in Nature

According to National Biodiversity Expenditure Review<sup>[1]</sup> Ireland spends a very low amount on biodiversity, on average approximately 0.13% of GDP.<sup>[2]</sup> The impact of that low spending level can be seen in the declining quality of our habitats and species. This degraded environment poses a substantial risk to the state in terms of attracting business, tourism and sustaining the free services we get from nature. This is outlined in the National Risk Assessment 2021-2022<sup>18</sup> which states that “Therefore, failing to protect biodiversity may result in economic loss due to reduced crop yields and fish catches and increased susceptibility to flooding, as well as severely impacting on people’s quality of lives”. Critically, addressing biodiversity loss and restoring nature also reduces our ability to mitigate and adapt to climate breakdown. If government is serious and about tackling the

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<sup>[1]</sup> R Morrison and C Bullock (2018), *A NATIONAL BIODIVERSITY EXPENDITURE REVIEW FOR IRELAND*, <https://research.ie/assets/uploads/2018/05/NBER-FINAL-COPY.pdf>

<sup>[2]</sup> The IUCN has previously called for OECD countries to spend at least 0.3% of GDP on biodiversity. <https://www.weforum.org/press/2020/01/half-of-world-s-gdp-moderately-or-highly-dependent-on-nature-says-new-report>

<sup>18</sup> <https://www.gov.ie/en/policy-information/795550-national-risk-assessment/>



biodiversity crisis it must increase its investment in nature significantly. The balance of funding for biodiversity in Ireland is heavily weighted towards DAFM schemes with 80% allocated to agriculture between 2010-2015 and only 10% to the NPWS.<sup>[3]</sup> This is wholly unsatisfactory for achieving compliance with the law. In addition, the 2018 Expenditure Review did not take into account the funding requirements of the 2021 Prioritised Action Framework which states that €1.138 billion is needed to fund conservation action between 2021-2027<sup>19</sup>. Nor does this consider the substantial funding needed to restore nature and meet upcoming obligations of the EU Nature Restoration law.

The Environmental Pillar supports the recommendation of the Biodiversity Forum that Government “consider the findings of the National Biodiversity Expenditure Review and implement a step change in biodiversity funding”<sup>[4]</sup>

**Government should set up a €1.5 billion Nature Restoration Fund to meet current identified spending needs and start the process of restoring nature.**

**The Environmental Pillar is calling on Government to substantially increase funding to achieve environmental compliance in the future.**

The Environmental Pillar welcomes the recent commitment by Government to increase the spend on the National Parks and Wildlife Service (NPWS) by €55m over the coming three years and the commitment to expedite the hiring of 60 additional staff members. The 2021 Stout and Ó Cinnéide review on the NPWS estimates that the service would likely need to reach 600 employees over the next ten years in order to keep pace with its responsibilities and the international benchmarks of similar nature agencies in the EU.<sup>[5]</sup> We are entering a tough economic environment but it is critical that government maintain the trajectory of funding for NPWS otherwise we face enormous risks to the state.

**Government must maintain the trajectory of NPWS funding increases so it can coordinate the national response to biodiversity loss.**

**Government should draw up a road map which goes beyond the next three years that will outline the necessary funding for the NPWS over the coming decade.**

As the Taoiseach stated at the National Biodiversity Conference recently, addressing biodiversity loss goes beyond NPWS, just as climate specialist skills are needed in every department, agency and planning authority, so too are ecologists, not only to restore nature for people and wildlife but also to tackle climate breakdown.

The biodiversity and climate emergencies cuts across department and policy areas and requires a whole of Government approach. Thus, Government must respond by communicating that it is addressing the biodiversity and climate emergencies across all departments and policy areas.

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<sup>[3]</sup> *ibid*

<sup>19</sup> <https://www.gov.ie/en/press-release/90ccf-minister-noonan-brings-prioritised-action-framework-to-cabinet/>

<sup>[4]</sup> <https://www.biodiversityimpactplan.ie/2-finance>

<sup>[5]</sup> Stout, J and O Cinnéide, M (2012) *A report to the National Parks and Wildlife Service, of the Department of Housing, Local Government and Heritage*

**Budget planning should include mitigate risks to the state of not achieving biodiversity action and implications to livelihoods, flood capacity, ability to withstand climate breakdown.**

**Biodiversity cost benefit analysis should be undertaken for every government policy decision.**

Ireland has the least amount of national nature reserves in the EU. The Government should expand these and invest in new reserves as well as expanding Special Areas of Conservation, and Ancient Woodland. The public and community co-operatives should be supported to buy unproductive Coillte and other public lands to develop long term native community woodlands. The right to take over publicly-owned land should be introduced through Community Woodland legislation and access to funding to manage these woodlands should facilitated by Government.<sup>20</sup>

**Introduce Community Woodland legislation to provide communities the right to take-over public lands for woodlands and facilitate access for funding to enable them to manage them.**

## 7. Implementing a Well-being Framework

### *Environmental indicators: the need for an alarm button, and for improved data*

At present, the fact that the Framework displays its indicators in purely relative terms (comparing them with the past and with other countries) discounts the importance of environmental sustainability as it does not get across the urgency of the environmental crisis.

The new tagging system is clearly an attempt to better integrate sustainability into the Framework. But the Framework still lacks an alarm button. Greenhouse gas emissions, for example, are not dangerous solely because there are more of them than there were last year or elsewhere. Rather they are dangerous in absolute terms.

**We urge the Government to add ‘hard environmental boundaries’ to the Framework**, along the lines of the Stockholm Resilience Centre's Planetary Boundaries diagram and economist Kate Raworth's Economic Doughnut model, that show where planetary boundaries are being transgressed in absolute terms. This will require accurate data. However, the environmental indicators in the CSO's Well-being Information Hub only include data up to 2019 and need to be updated. More generally, there is a need for more detailed data on environmental indicators. We would therefore ask the **Government to make an active effort to include the environmental sector** more fully in the next round of consultations on the Framework. As the sector is very under-resourced and currently lacks capacity, some resourcing would be necessary to achieve this.

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<sup>20</sup> A Forestry Commission model for this exists in the UK, developed for Scotland who have approximately 200 Community woodlands some on ex Forestry Commission sites. See <https://forestryandland.gov.scot/what-we-do/communities/community-asset-transfer-scheme> and <https://rbg-web2.rbge.org.uk/ethnobotany/ntfp/communitywoods.htm>

**Government should ensure the addition of ‘hard environmental boundaries’ to the Wellbeing Framework**

*Absolute and relative values in relation to income and wealth*

The way in which income and wealth are included in the Framework at present is misleading. In contrast to the environmental indicators, the problem here is not a lack of absolutism but rather too much absolutism.

It is inaccurate to assume that increases in disposable income and wealth are always a sign of progress. It is also unrealistic to assume that these can increase indefinitely. Beyond a minimum ability to make ends meet - which is captured by the 'economic security' indicator in the Framework - wealth and disposable income would be more meaningfully expressed as purely relative value (i.e. showing the extent of inequality in society, including levels of indebtedness) rather than as absolute ones.

**We therefore strongly recommend that the measure of disposable income be replaced by a measure of financial equity, and that the measure of ‘wealth’ also be presented solely in relative terms.**

Net government wealth is not appropriate to include as an indicator, as there is considerable controversy surrounding the idea that increased public debt is always undesirable and inevitably unsustainable. This controversy is evident, for example, in the recent discussions at EU level on reforms to the fiscal framework. At best, the public wealth indicator’s inclusion will lead to confusion, and it worst, it could lead to unnecessarily risky decisions being made in terms of environmental and social sustainability.

*Green budgeting*

The relationship between the Wellbeing Framework and green budgeting analysis needs clarification.

At present, and unlike the Wellbeing Framework, Irish green budgeting analysis still does not appear to incorporate any environmental impacts apart from climate impacts. Moreover, its analysis of climate impacts includes some flawed assumptions, in particular a privileging of purely price-based approaches to emissions reduction. As the Dasgupta Report on the economics of biodiversity states, ‘in many cases there is a strong economic rationale for quantity restrictions over pricing mechanisms.’ Such quantity restrictions could include a system of licence allocation (in a limited quantity) and fee charging for the use of certain resources. In this way revenue would be generated while guaranteeing that the use of the resource would definitely be limited.

**We call on Government to broaden the Green Budgeting analysis to include all environmental impacts**

*Inclusion of the Framework in the budget process*

We welcome the inclusion of annual high-level analysis of the Well-being Dashboard at an early stage of the budget process and look forward to seeing this process beginning for Budget 2023. However, this appears to be a relatively passive approach to integrating well-being measures into budgeting,

similar to that of France and Italy. By contrast, New Zealand requires that departmental bids for budgeting be made with reference to wellbeing and actively encourages inter-departmental and inter-agency bids. This approach better reflects the level of urgency and the need for high levels of collaboration that is required.

**Government should require that departmental bids for budgeting be made with reference to wellbeing**

*Ensuring that the Framework has staying power*

In order to overcome the potential risk of the Framework's development being adversely affected by electoral cycles, we recommend the creation of an oversight body to ensure that the objectives of the Framework are constantly kept within political purview. The Welsh approach of appointing a Commissioner for Future Generations seems helpful in this regard and is worth investigating in more depth.

**Government should create an oversight body such as a Commissioner for Future Generations to ensure that the objectives of the Framework are constantly being addressed.**

Environmental Pillar Members: An Taisce. Bat Conservation Ireland. BirdWatch Ireland. CELT - Centre for Ecological Living and Training. Coastwatch. Coomhola Salmon Trust. Cultivate. ECO-UNESCO. Feasta. Forest Friends. Friends of the Earth. Global Action Plan. Gluaiseacht. Good Energies Alliance Ireland. Green Economy Foundation. Green Foundation Ireland. Hedge Laying Association of Ireland. Irish Peatland Conservation Council. Irish Seed Savers Association. Irish Whale and Dolphin Group. Irish Wildlife Trust. Leave No Trace Ireland. Native Woodland Trust. The Organic Centre. The Rediscovery Centre Ireland. Sonairte. Sustainable Projects Ireland, Vincent Wildlife Trust. VOICE. Wildlife Rehabilitation Ireland. Zero Waste Alliance Ireland.

## **June 2022**

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