

Minister Michael McGrath TD
Minister for Finance
Department of Finance
Merrion Street
Dublin 2.

Minister Paschal Donohoe TD
Minister for Public Expenditure and Reform,
Merrion Street,
Dublin 2.

Minister Eamon Ryan
Minister for the Environment, Climate and Communications, Minister for Transport,
Department of the Environment, Climate and Communications,
Adelaide Road,
Dublin 2

16 September 2023

Re: Environmental Pillar Budget 2024 Submission

Dear Ministers McGrath, Donohoe, and Ryan,

I am writing to you on behalf of the Environmental Pillar, a coalition of over 30 national environmental groups to urge that Budget 2024 provides for significant investment in climate and nature and that cost of living supports are focused on the most vulnerable households.

This year is on track to be yet another record year for extreme heat globally with associated dire impacts on human health and wellbeing. The risks to Irish society, human wellbeing and the

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.

economy posed by climate change are well known and outlined frequently by government agencies and reports, most recently in the National Risk Assessment 2023¹. Yet despite these longstanding and frequent warnings and a wealth of plans, strategies and reports we will fail to meet our emissions ceilings in 2025 and 2030 as set by the Oireachtas.²

Warnings on the state of biodiversity in Ireland have also grown starker; a quarter of Ireland's bird species are in danger of extinction and over 70% of our peatlands are in bad status.³ As stated in the National Risk Register: *"Biodiversity loss will result in economic loss due to reduced ecosystem services, including diminished crop yields and fish catches and increased susceptibility to flooding, wildfires and disease, all of which have the potential to severely impact on people's quality of lives."*⁴

Ireland currently finds itself at the heart of a dual ecological challenge, grappling with both biodiversity and climate emergencies. Addressing these pressing issues demands nothing short of a comprehensive, government-wide, and cross-sectoral effort. This will require significant state investment, as outlined in reports by the Irish Fiscal Council, The Climate Change Advisory Council and the National Risk Assessment⁵. As highlighted by the Fiscal Council in its 2023 Summary Assessment⁶, not all public expenditure on meeting our climate objectives has been set out and "estimates suggest that additional public investment of the order of 2% of GNI* will be required every year out to 2030 ... How much of this might be met from existing National Development Plan allocations is unclear."

Addressing biodiversity loss will also require increased funding. Nature has been historically underfunded in Ireland, a factor contributing to the decline in both habitat and species status. The commitment to supporting the NPWS in Budget 2023 was an extremely positive step but much more is needed. In addition, the Nature Restoration Law, once passed, will require new funding in order to meet the challenge.

Thus, the government stands at a significant crossroads, armed with a projected €65 billion surplus in the years ahead. This surplus presents a unique opportunity to future-proof Ireland with the establishment of a dedicated **Climate and Nature Restoration Fund of €8bn** to ensure that necessary investments in both climate and nature seen and unforeseen are guaranteed. Such a fund could serve as a catalyst for the rejuvenation of our natural world, the revitalization of rural and

¹ National Risk Assessment (2023). "Failure to rapidly move to a carbon-neutral economic model and progress adaptation measures will have far reaching negative impacts on the economy and the public finances, it will undermine the long-term, sustainable competitiveness of the economy, and risks locking Ireland into a redundant fossil-fuel based economic model. An inability to transition to a low-carbon economic model at a sufficient rate is a risk to our ability to engage with the economy of the future, and to partake in and benefit from future opportunities." P.26

² EPA, 2023

³ Report of the Citizen's Assembly on Biodiversity Loss, p.7 https://citizensassembly.ie/wp-content/uploads/Report-on-Biodiversity-Loss_mid-res.pdf

⁴ National Risk Assessment (2023). P.27

⁵ National Risk Assessment 2023 pp. 25-6 "Ireland's transition will require that we provide or attract investment of the scale commensurate to the challenge. **Inaction or insufficient funding and progress, risks severely worsening the impacts of climate change on our way of life**, as well as being damaging to the international reputation and credibility of Ireland'."

⁶ Irish Fiscal Council (2023) 'Summary Assessment 2023' p.80

coastal economies, and the provision of crucial public amenities. Among the benefits are the better insulated buildings, the expansion of renewable energy infrastructure, and the rehabilitation of our natural assets.

The case for investing in climate and nature is not just environmentally sound; it also makes strong economic sense. A compelling example can be found in the business case for the Nature Restoration Law, which illustrates that every €1 invested in nature restoration yields €8 to €38 in economic value through ecosystem services that are vital for human existence.⁷

Moreover, biodiversity loss is no longer seen as a solely environmental concern; it's increasingly viewed as an economic risk. Recent warnings emanating from the European Central Bank (ECB), indicated that 72% of companies and three-quarters of bank loans within the eurozone are exposed to the potential economic consequences of biodiversity loss. These developments underscore the urgency of addressing ecological issues from a financial perspective.

To this end the Environmental Pillar is calling on Government to ensure that the **total spending on nature over the next four years (2024-2027) amounts to a minimum of €2bn (outside of CAP payments).**

Inequality, poverty and marginalisation are a blight on society in their own right and a barrier to effective environmental policy. Lower income households are the least equipped to make behavioural change, often expensive, and yet are the most exposed to the impacts of climate change, biodiversity loss and rising energy costs. It is thus imperative that policies work in synergy, safeguarding vulnerable households from cost of living increases while staying committed to our long-term vision of a sustainable and biodiversity-rich Ireland.

A key strategy is therefore to **concentrate resources on augmenting social protection payments in Budget 2024 and establishing benchmarks for the future.** This approach, coupled with retrofitting initiatives tailored to lower-income households, ensures that our financial resources are directed toward those who are most in need as we approach the winter season.

The proposals contained in this pre-budget submission aim to not only provide immediate relief to vulnerable segments of our society, but also to make steadfast progress towards a future where our environment is secure, our homes are comfortable, and Ireland's natural world flourishes with biodiversity.

Finally, the Environmental Pillar believes that **strengthening social dialogue** would be of benefit in helping the political system navigate the difficult policy choices that the climate and biodiversity crisis are posing. The Government recognised “the importance of regular and open engagement with all sectors of society” in the Programme for Government and committed to “new models of sectoral engagement”. However, in the past three years there has been no progress in examining or developing such models. The format of the annual National Economic Dialogue (NED), while useful in highlighting some concerns held by sectoral representatives, could not be considered a meaningful dialogue as it comprises just one day and does not provide the space for real discussion

⁷ https://environment.ec.europa.eu/topics/nature-and-biodiversity/nature-restoration-law_en

amongst the participants. The Environmental Pillar believes that the value of the NED could be increased by holding a series of dialogues over a number of days on key themes. This would facilitate real dialogue not only between Ministers and the participants but also between the sectoral representatives themselves, a key element that is missing in the current format. Given the whole-of-government challenge posed by the climate and biodiversity crises, the Pillar is requesting that a biannual meeting with coalition leaders should happen as a matter of course.

We would appreciate a meeting with you to discuss these issues.

Yours sincerely,



Karen Ciesielski
Coordinator, Environmental Pillar

Investing in a Sustainable and Just Ireland

Future-Proofing Ireland for People and Nature



Environmental Pillar Proposals for Budget 2024

1. Future-Proofing Ireland: Investing in Nature and Climate

As highlighted by the Citizens Assembly Report, the National Risk Assessment 2023 and the Biodiversity Forum, Ireland must “implement a step change in biodiversity funding”.⁸

The National Biodiversity Expenditure Review (2018)⁹ found that Ireland spends a very low amount on biodiversity, on average approximately 0.13% of GDP (inclusive of CAP payments).¹⁰ This inadequately low level of funding is having a detrimental impact on the state of our habitats and species, leading to a decline in environmental quality.

The deterioration of our natural environment poses substantial risks to our nation, both economically and in terms of sustaining the essential services we derive from nature. The National Risk Assessment 2023 clearly states that failing to protect biodiversity can result in economic losses through reduced crop yields, diminished fish catches, increased vulnerability to flooding, and a significant decline in the quality of life for our citizens.

Furthermore, addressing biodiversity loss and restoring nature is intrinsically linked to our ability to mitigate and adapt to the challenges of climate breakdown. To demonstrate a genuine commitment to tackling the biodiversity crisis, it is imperative that our government significantly increases its investment in nature conservation.

Currently, the allocation of funding for biodiversity in Ireland is heavily skewed towards agriculture. The NBER found that a staggering 80% of biodiversity funding was directed towards agriculture between 2010-2015. This funding is directed to support farmers to support biodiversity on farmland through various agri-environment schemes. While targeting of the funding to achieve specific results has improved recently, the scale of the challenge and need requires further targeting of supports and upskilling of the wider advisory services to ensure funding is well spent. In contrast the state entity which advises on the ecological requirements of species and habitats, including those on farmland, and coordinating the government response to the biodiversity emergency, the National Parks and Wildlife Service (NPWS), received only 10% of national biodiversity funding. While we recognise and have welcomed the increase in support given to the NPWS over the last couple of budgets, it still stands that both the level of funding designated to biodiversity and the distribution of it is wholly inadequate for achieving compliance with relevant laws and obligations and securing results for wild birds, other wildlife and the habitats they require, on the ground and outside of agriculture.

The 2018 Expenditure Review did not take into account the funding requirements outlined in the 2021 Prioritised Action Framework, which estimates the need for €1.138 billion to support conservation action between 2021-2027. Nor does it consider the substantial funding necessary to restore nature in accordance with the forthcoming obligations of the EU Nature Restoration law and

⁸ <https://www.biodiversityimpactplan.ie/2-finance>

⁹ R Morrison and C Bullock (2018), *A NATIONAL BIODIVERSITY EXPENDITURE REVIEW FOR IRELAND*, <https://research.ie/assets/uploads/2018/05/NBER-FINAL-COPY.pdf>

¹⁰ 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>

the Marine Protected Areas, the costs of which a recent report by Fair Seas found to be €55m over the coming four years.¹¹

To secure the future of our environment, economy, and well-being, it is imperative that we allocate resources commensurate with the challenges we face. We must strive for a more balanced and sustainable allocation of funds, reflecting the urgent need to protect and restore our precious natural heritage.

In order to meet the challenge of climate change and biodiversity loss, it's becoming increasingly clear that investments in state capacity are a crucial piece of the puzzle. The government must take steps to guarantee that each governmental body, agency, and arm of the state is equipped with the necessary resources and expertise to effectively address these pressing challenges.

Organizations such as An Bord Pleanála, the National Parks and Wildlife Service (NPWS), and Local Authorities find themselves on the front lines of this multifaceted fight. As Ireland navigates the complex terrain of environmental preservation and sustainability, it is imperative that we continue to invest in the people and skills within these bodies.

The need for significant state investment to meet our climate objectives has been outlined in reports by the Irish Fiscal Council, The Climate Change Advisory Council and the National Risk Assessment¹². As highlighted by the Fiscal Council in its 2023 Summary Assessment¹³, not all public expenditure on meeting our climate objectives has been set out and “estimates suggest that additional public investment of the order of 2% of GNI* will be required every year out to 2030 ... How much of this might be met from existing National Development Plan allocations is unclear.”

Government should utilise some of the projected €65 billion surplus to future-proof Ireland, with the establishment of a dedicated **Climate and Nature Restoration Fund of €8bn** to ensure that necessary investments in both climate and nature seen and unforeseen are guaranteed. Such a fund could serve as a catalyst for the rejuvenation of our natural world, the revitalization of rural and coastal economies, and the provision of crucial public amenities. Among the benefits are the better insulated buildings, the expansion of renewable energy infrastructure, and the rehabilitation of our natural assets.

The Proposals below are focused on short-term (next four years) and medium to long-term actions designed to meet the challenge of climate action and halting biodiversity loss restoring nature.

¹¹ Fair Seas (2023), ‘Sustainably Financing Ireland’s Marine Protected Area Network’. fairseas.ie/2023/06/28/sustainably-financing-irelands-marine-protected-areas/

¹² National Risk Assessment 2023 pp. 25-6 “Ireland’s transition will require that we provide or attract investment of the scale commensurate to the challenge. **Inaction or insufficient funding and progress, risks severely worsening the impacts of climate change on our way of life**, as well as being damaging to the international reputation and credibility of Ireland’.”

¹³ Irish Fiscal Council (2023) ‘Summary Assessment 2023’ p.80

Proposals for Budget 2024

Short Term Action: Total spending on nature over the next four years (2024-2027) to amount to a minimum of €2bn (outside of CAP payments). To fund actions such as examples below:

- Financial and technical assistance to farmers for nature restoration
- Increased personnel in state agencies with expertise in climate, ecology and other related sciences and expertise.
- Increased funding for training in nature-based solutions
- Fully funding MPAs

Medium to Long Term Action: Creation of a Climate and Nature Restoration fund of €8bn from the projected budget surplus over the next four years to finance future climate and nature infrastructural and capital investments, including nature-based solutions. To fund for example:

- Climate infrastructure (e.g. renewable energy)
- Built environment, prioritising retrofitting in public buildings, social housing and low-income households first
- Climate and nature investments to include nature-based solutions such as peatland/wetland restoration
- Investment in land for nature restoration and protection (e.g. through leasing, purchasing)

Maintain the trajectory of NPWS funding and staffing increases so it can coordinate the national response to biodiversity loss

Broaden green budgeting analysis and performance budgeting exercise to include all environmental impacts of measures, including biodiversity and ensure that annual spending on nature and its impacts are easily identifiable to policy makers and the public.

2. Decision-Making for Sustainability

The development of a Wellbeing Framework is an important step in ensuring that decision-making takes multiple factors, aims and data sources into account. We recognise that the current framework is a work in process and have a number of comments and proposals on how to improve it.

Environmental indicators: Communicating urgency

As it is currently designed, the framework presents its indicators in relative terms, comparing them with historical data and international benchmarks. While this approach has its merits, it may inadvertently downplay the urgency of the environmental crisis we face.

The recent introduction of a tagging system represents a step forward in integrating sustainability into the framework. However, a critical component is missing: an "alarm button" that underscores the absolute urgency of certain environmental challenges. For instance, when it comes to greenhouse gas emissions, the issue is not merely that emissions are increasing compared to previous years or other countries, but that they pose a grave danger in absolute terms.

To address this concern, the Pillar calls for the government to incorporate 'hard environmental boundaries' into the framework. These boundaries, inspired by models such as the Planetary Boundaries diagram developed by the Stockholm Resilience Centre and the Economic Doughnut model proposed by economist Kate Raworth, would clearly illustrate where we are breaching planetary limits in absolute terms. Such an addition would emphasize the gravity of the situation and help guide more effective policymaking.

However, implementing 'hard environmental boundaries' requires access to accurate and up-to-date data. Unfortunately, the environmental indicators currently available in the Central Statistics Office's (CSO) Well-being Information Hub only extend up to the year 2019, creating a critical need for more detailed and current data on environmental indicators.

Income and wealth

The way in which income and wealth are accounted for in the Framework presents the opposite challenge. Unlike environmental indicators, the issue here isn't a lack of precision but rather an overemphasis on absolutes.

Assuming that increases in disposable income and wealth always signify progress is an overly simplistic view. In reality, these increases don't necessarily equate to a better quality of life or a fairer society. Furthermore, assuming that these economic factors can grow indefinitely is unrealistic. Once people have enough income to sustain a decent quality of life, the pursuit of more wealth can lead to growing inequality and unsustainable economic practices.

One of the key problems with the treatment of income and wealth in the Framework is that wealth and disposable income are expressed as absolute values rather than relative ones which would better show the extent of inequality within society, including levels of indebtedness. In other words,

it's not just about how much money people have; it's about how that wealth is distributed among the population. An accurate assessment of economic well-being should consider both absolute and relative measures.

Another indicator currently included in the Framework is net government wealth. However, it could be argued that it is not appropriate to include this as an indicator as it assumes that increased public debt is always negative and unsustainable. In reality, this is a complex issue with various perspectives. Including the public wealth indicator can be problematic. At best, it might lead to confusion in understanding the government's fiscal health, and at worst, it could result in risky decisions being made concerning environmental and social sustainability. It's crucial for policymakers and economists to consider these nuances when assessing economic indicators in the sustainability framework.

The current way of measuring income and wealth in the sustainability framework has sparked debate because it doesn't capture the complexity of economic well-being. It's not just about how much money people have; it's about how it's distributed, and it's also about considering the sustainability of economic practices. These are complex issues that require thoughtful consideration in the pursuit of a more sustainable and equitable society.

The Connection Between the Wellbeing Framework and Green Budgeting

The relationship between the Wellbeing Framework and green budgeting analysis in Ireland currently lacks clarity and coherence, posing challenges for effective environmental policy formulation and budget allocation.

The divergence between the two approaches in their consideration of environmental impacts is a missed opportunity to more comprehensive and effective environmental policy and budgeting framework. Unlike the Wellbeing Framework, Irish green budgeting analysis appears to be narrowly focused, primarily addressing climate impacts while overlooking other crucial ecological factors.

In addition, there is an overemphasis in the analysis on price-based mechanisms as the primary means of reducing emissions. While pricing mechanisms have their merits, it's important to recognize that they may not always be the most effective approach in all circumstances.

The Dasgupta Report on the economics of biodiversity provides a valuable perspective on this matter. It states that, "in many cases there is a strong economic rationale for quantity restrictions over pricing mechanisms." Quantity restrictions could involve the implementation of systems such as license allocation, where a limited quantity of resources is allocated, and fees are charged for their utilization. This approach offers multiple advantages. It not only generates revenue, but, more crucially, it ensures that the utilization of vital resources remains within clearly defined limits. By doing so, it addresses the need for both environmental sustainability and fiscal responsibility.

The relationship between the Wellbeing Framework and green budgeting analysis should be strengthened. Bridging the gap between these two approaches is vital for creating a more comprehensive and effective environmental policy and budgeting framework.

Inclusion of the Framework in the budget process

The incorporation of an annual high-level analysis of the Well-being Dashboard at the initial stages of the budgeting process is a positive development. However, there are concerns that this approach may be somewhat passive when it comes to the integration of well-being considerations into budgeting, akin to the practices observed in France and Italy.

In contrast to this, New Zealand stands out with a more proactive approach. It mandates that **departmental budget proposals must explicitly incorporate well-being considerations**, and it actively fosters a culture of cross-departmental and inter-agency collaboration in budget submissions. This approach appears to better resonate with the pressing urgency of our well-being objectives and underscores the vital need for extensive collaboration among government entities.

While the inclusion of the Well-being Dashboard analysis at the outset of the budget process is a promising step, there is room for exploration of a more dynamic approach. Emulating New Zealand's model could provide a more robust framework for emphasizing the critical nature of our well-being goals and the imperative for deep-seated collaboration among various governmental departments and agencies. It is through such collaboration that we can hope to effectively address the multifaceted challenges facing our society and truly prioritize the well-being of our citizens.

Decision-making Inclusive of Future Generations

To future-proof the impact of the Well-being Framework, the Environmental Pillar proposes the establishment of an oversight body tasked with the continuous monitoring of the Framework's objectives within the realm of political decision-making.

Government would benefit from investigating the Welsh model, which involves the **appointment of a Commissioner for Future Generations**. The rationale behind such an oversight body is clear. By instituting an entity specifically dedicated to safeguarding the long-term vision and sustainability goals outlined in the Well-being Framework, we can ensure that short-term political considerations do not detract from our commitment to the well-being of present and future generations. The Welsh Commissioner for Future Generations acts as a watchdog for the interests and needs of generations yet to come. Exploring the applicability of this model within our own context could help secure the integrity and longevity of the Well-being Framework, safeguarding its mission against the ever-shifting tides of electoral politics.

Proposals for Budget 2024

- 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

3. Creating and Supporting Sustainable Communities

Tackling Urban Sprawl

Ireland's settlement patterns present challenges in addressing both the climate and biodiversity crises and providing essential public services. To tackle this issue, the **Environmental Pillar supports the introduction of a Site Value Tax (SVT)**, which offers a potential solution by encouraging more efficient land utilization.¹⁴ SVT serves as a disincentive for the underutilization of valuable land and discourages practices like land hoarding and urban neglect. In urban areas, SVT can play a pivotal role in incentivizing landowners to put their properties to productive use, thus contributing to urban regeneration.

Furthermore, SVT allows for the capture of gains made by landowners when land values increase due to improvements in the surrounding community, often made by the state or the local community itself. This ensures that the benefits of development are shared more equitably.

Crucially for climate action, SVT does not deter property owners from making energy efficiency improvements to their buildings, including deep retrofits. Additionally, evidence suggests that SVT can promote urban density, combat urban sprawl¹⁵, and stimulate regeneration in regional towns, all of which align with sustainability and climate goals.¹⁶

Much like the existing Local Property Tax (LPT), SVT liability should rest with the property owner rather than tenants. Moreover, as with LPT, provisions for deferments should be integrated into the SVT system to support those facing financial difficulties.

It is imperative to underline that, similar to property taxes, the effectiveness of SVT relies on the presence of a robust planning system. This ensures that undesirable social developments are avoided and that land use aligns with broader community goals.¹⁷

¹⁴ See Commission on Taxation and Welfare (2022) *Foundations for the Future*

¹⁵ 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

¹⁶ 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://smarntaxes.org/wp-content/uploads/2009/05/macroeconomic-impact-of-a-land-value-tax-c-gurdgiev.pdf>

¹⁷ See 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/>

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

Sustainable Transport

The Environmental Pillar is advocating for a comprehensive strategy to address urban congestion and promote sustainable transportation in Ireland.

Tackling congestion in our cities and funding the national road network: The Environmental Pillar recommends the implementation of a combination of parking and road pricing, including congestion charges, primarily starting in Dublin by 2025. The plan is to subsequently extend these measures to all other cities by 2028. This initiative aims to reduce traffic congestion and encourage the use of public transportation alternatives.

The Pillar also recommends replacement of tolls on our road network with a road pricing system on motorways and the national road network to both fund road maintenance and encourage more sustainable travel as outlined in the Project Bruce Report.

From road to rail: The Environmental Pillar supports the proposals contained in the All-Island Strategic Rail Review however we are concerned about the indicative timelines contained in the review, such as the “cross-Dublin solution”. The creation of new light rail networks in Cork, Galway, Limerick, and Waterford, should be prioritised with the aim of having them operational well before 2040. These investments in public transportation infrastructure are vital to reducing our reliance on private vehicles but also to allow our cities outside of Dublin to grow sustainably.

Fare Reductions: The Environmental Pillar welcomes recent reductions in public transport fares, particularly for young people and school transport. A thorough evaluation of our public transport pricing should be undertaken, including the criteria for free school transport with the aim of keeping prices at a low enough level to encourage greater use of public transport and as an important part of the Just Transition. The Pillar also believes that an investment programme should be developed to ensure that all schoolchildren living more than 3km from school can avail of school buses by 2030.

SUVs: Consideration should be given to the introduction of a modified VRT on heavy passenger vehicles especially SUVs based on weight.

Active Travel: The government should introduce financial penalties on local authorities that do not roll out active travel measures as provided for in the Climate Action Plan and Active Mobility programme.

Proposals for Budget 2024

- Introduce a Site Value Tax
- Introduce a system of congestion and parking charges starting in Dublin by 2025
- Replace tolls on motorways with a road pricing system on the national road network by 2028
- Expedite implementation of proposals contained in the All-island rail Review and light rail in Cork, Galway Limerick and Waterford.
- Conduct a thorough evaluation of public transport pricing across the country with a view to keeping prices low
- Introduce a modified VRT on heavy passenger vehicles especially SUVs based on weight
- Introduce financial penalties on local authorities that do not roll out active travel measures

4. Ensuring a Fair Transition

The continuing high cost of energy and its impact on the cost of living, particularly for those most vulnerable to poverty and hardship is of great concern. It is imperative that we implement measures, addressing cost of living and retrofitting deficits that target those in need, ensuring their well-being while safeguarding Ireland's long-term sustainability and biodiversity.

Social protection measures emerge are a critical tool in this endeavour, offering a more precise and cost-effective means of support for lower-income and vulnerable households. The focus should be on crafting policies that work in tandem to shield these households from the financial strain of rising living costs without compromising our broader goal of achieving a sustainable and biodiversity-rich Ireland. One immediate action is to concentrate on bolstering social protection payments, ensuring they align with the current economic realities. Moreover, establishing **a framework for benchmarking future payments to average wages can provide stability and reassurance to those who rely on these benefits.**

Retrofitting initiatives targeting lower-income households play a pivotal role in addressing the energy cost challenge. By enhancing the energy efficiency of homes in need, we not only alleviate the financial burden but also contribute to a more sustainable and eco-friendly Ireland. The synergy between social protection measures and targeted retrofitting interventions ensures that resources are channelled where they are most needed. It signifies a proactive approach to mitigating the hardships faced by vulnerable households during the upcoming winter months, all while advancing our shared vision of a sustainable and biodiversity-rich Ireland. **The Environmental Pillar is a signatory to and supports the proposals contained in the [Joint Statement on Energy Poverty](#).**

The principle of a fair and just transition also extends to our activities outside of Ireland. The Environmental Pillar supports the call for new and additional sources of finance to fund Loss and Damage mechanism.

Proposals for Budget 2024

- Introduce measures contained in the [Joint Statement on Energy Poverty](#) (e.g. increase all core social welfare payments by a minimum of €25; increase fuel allowance rates in line with cost of living increases and expand eligibility by including those receiving Working Family Payment and covering living arrangements of Traveller families; Introduce a government-subsidised social energy tariff targeted at low-income households) The full list of measures is available here: [Budget 2024: Joint Statement on Energy Poverty \(friendsoftheearth.ie\)](#)
- The Environmental Pillar supports the calls from the social justice sector for the benchmarking and indexation of social protection payments to average wages.
- Support new and additional sources of finance to fund Loss and Damage mechanism

5. Creating an environmentally sustainable tax system

Tax Environmental Bads

The overarching principle of "taxing the bads" is an important lever in combating environmental harm. Recent estimates from the Central Statistics Office (CSO) paint a stark picture. In 2020, fossil fuel subsidies in Ireland amounted to a staggering €2.2 billion.¹⁸ While this figure represents a €0.6 billion reduction from the previous year, largely attributed to the downturn in international aviation amid the pandemic, it remains alarmingly high. Reports for 2021 and 2023 will probably uptick in aviation subsidies again, given the post-covid return to business as usual in international travel.

These subsidies, encompassing both direct and indirect forms, demand immediate scrutiny and rectification. It has been estimated that the removal of support for fossil fuels could yield remarkable results—economy-wide CO₂ emissions could plummet by 20% by 2030, and non-ETS emissions could see an 11.7% reduction compared to business-as-usual projections.¹⁹ The process of elimination of these subsidies is too slow, Budget 2024 must set out a plan, for eliminating all subsidies by 2030, including a plan to tackle aviation in the short-term, such as a passenger charge. Included in this should be a plan to remove the VAT exemption on fertilisers.²⁰

Measures to support the circular economy

Utilising the tax system to stimulate the circular economy and bolster resource productivity offers a dual advantage—revenue generation and job creation. The Environmental Pillar strongly recommends the **introduction of a levy on aggregates** utilised within the construction industry, including materials such as gravel and stone. Such a levy carries the potential to yield several positive outcomes.²¹

First and foremost, it serves as a deterrent to the excessive consumption of virgin resources. By discouraging the use of these non-renewable materials, we encourage a more sustainable approach within the construction sector. This, in turn, incentivizes the recycling of aggregates and the revitalization of existing building structures—a step toward reducing waste and promoting resource efficiency.

While we welcome the commitments made so far by Government, we view Budget 2024 as an opportune moment to expedite these actions and elevate our ambitions. Facilitating the growth of the circular economy holds the promise of job creation, aligning with our economic objectives while simultaneously advancing our climate and environmental targets.

¹⁸ <https://www.cso.ie/en/releasesandpublications/ep/p-ffes/fossilfuelsubsidies2020/keyfindings/>

¹⁹ De Bruin, Monaghan and Yakut (2019) Impacts on lower income households can be tackled through the social welfare system

²⁰ OECD (2021), *Environmental Performance of Ireland* <https://www.dfa.ie/media/missions/prepparis/OECD-Environmental-Performance-of-Ireland.pdf>

²¹ VOICE (2021) <https://www.voiceireland.org/research/circular-economy-strategy-submission-2021>

Proposals for Budget 2024

- Introduce a levy on aggregates utilised within the construction industry
- VAT reform: relief and tax credits for refurbished and repaired items to the take up of repaired items.
- Introduce a tax on virgin plastic (see <https://www.voiceireland.org/research/circular-economy-strategy-submission-2021/>)
- Increase in the landfill tax rate and introduce levy on incineration and exports of reusable and recyclable waste. (see *VOICE Op. Cit.*)