

Minister Jack Chambers TD
Minister for Finance
Department of Finance,
Merrion Street,
Dublin 2.

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

Minister Eamon Ryan
Minister for the Environment, Climate and Communications, Minister for Transport,
Tom Johnson House,
Haddington Rd,
Dublin 4

Minister Malcom Noonan TD
Minister of State for Nature, Heritage and Electoral Reform
Department of Housing, Local Government and Heritage,
Custom House
Dublin 1

15 August 2024

Re: Environmental Pillar Budget 2025 Submission

Dear Ministers Chambers, Donohoe, Ryan and Noonan,

I am writing to you on behalf of the Environmental Pillar, a coalition of over 34 national environmental organisations to urge that Budget 2025, the final budget of this Government, provides for significant investment in nature and takes a real step towards creating an environmentally sustainable taxation system.

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 Cycling Campaign. 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.

This year is poised to be yet another record-breaking year for extreme global heat, bringing with it severe consequences for human health and wellbeing. The risks that climate change poses to Irish society, public health, and the economy are well-documented and frequently highlighted by government agencies and reports¹. Yet despite these longstanding and frequent warnings and a wealth of plans, strategies and reports, the most recent projections by the EPA show we will fail to meet our emissions ceilings in 2030 by between 17 and 27 per cent.²

At the same time, the state of biodiversity in Ireland remains perilous. According to the National Parks and Wildlife Service (NPWS), 85% of habitats are in an Unfavourable condition and 15 % of protected species are classified as being in decline. 20% of Irish birds are in long term decline, 26% are on the red list and 30% are amber listed. In Ireland's marine territory only 9% of our ocean is protected. These stark statistics underline the urgent need for enhanced policy measures, implementation and increased investment to reverse these trends and safeguard Ireland's natural heritage.

Addressing the dual biodiversity and climate emergencies demands nothing short of a comprehensive, government-wide, and cross-sectoral effort, including significant state investment. The Environmental Pillar welcomes the increased investment in the NPWS over the past few years by Government and the creation of the Infrastructure, Climate and Nature Fund. However, we are concerned that unless ringfenced, there is no guarantee that the next Government will make sufficient draw downs on the Fund for spending on nature. Therefore, we are asking that **Government ensures that the legislation makes provision for the ringfencing of spending on nature.**

In addition, while the increase in spending on nature by Government over the last few years is to be welcomed, it is vital that this momentum does not slow, and in fact accelerates. The Financial Needs Assessments (FNA) conducted for the NPWS set out the minimum annual spend required to meet Ireland's current obligations to nature protection. The FNAs show that Ireland needs to increase its annual funding on peatland restoration, the coastal environment, the marine, native forests and freshwater to an average of €124m per annum, that is an estimated increase of €65m in Budget 2025³. This does not include the increased costs that will emerge from our legal obligations from the Nature Restoration Law.

Thus, the Environmental Pillar is calling for an **increase in spending on nature to €125m and the creation of Nature Restoration Fund**, to finance current AND capital funding of the National Restoration Plan in the medium to longer term.

Addressing the Climate crisis will also require increased funding over time, along with measures which promote behavioural change. The taxation system has a crucial role to play here, providing revenue for the investments need to take climate action and encouraging a sustainable economy that works for people, the

¹ See the 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 <https://www.epa.ie/publications/monitoring--assessment/climate-change/air-emissions/EPA-GHG-Projections-Report-2022-2050-May24--v2.pdf>

³The Biodiversity Financial Needs Assessment, McGuinness, S. and Bullock, C. (2023)

environment and business. The principle of "taxing the bads" serves as a crucial tool in mitigating environmental damage. Recent data from the Central Statistics Office (CSO) highlight the urgency of this approach. In 2021, fossil fuel subsidies in Ireland totalled a significant €2.1 billion. This represents a €0.8 billion increase on the previous year. The magnitude of these subsidies underscores the need for a more aggressive shift toward sustainable taxation policies. Aviation resulted in a subsidy of €273 million and the effective carbon rate on Kerosene was €3 per tonne CO₂ compared with €268 per tonne for petrol and €196 per tonne on road diesel. These fossil fuel subsidies are both damaging to the environment and unfair.

Budget 2025 should **expedite the removal of fossil fuel subsidies**, in particular the **Aviation sector should be targeted through a ticket/climate tax and a charge on the landing of private jets**.

Finally, tackling transport and residential GHG emissions is made more difficult by Ireland's settlement pattern, as is the provision of public services and utilities. To address this, Government should **set up an interdepartmental committee to develop a Site/Land Value Tax** for introduction in the coming five years. Such a tax would serve as a disincentive for the underutilization of valuable land and discourage 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.⁴

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

Yours sincerely,



Karen Ciesielski
Coordinator, Environmental Pillar

⁴ See Commission on Taxation and Welfare (2022) *Foundations for the Future*

Environmental Pillar Proposals for Budget 2025

Funding Nature Restoration:

The adoption of the EU Nature Restoration Law (NRL) will require the development and implementation of a National Restoration Plan (NRP). This is currently being formulated by the National Parks and Wildlife Service. This plan will require a rethink in how biodiversity and nature restoration is funded both at a national and an EU level. Once the plan has been created the financing needs will become clear, in the meantime however it is important that Ireland does not allow any further regression in the condition of habitats and species and works towards the targets contained in the NRL.

The Environmental Pillar calls on Government to increase **spending on nature in Budget 2025* to €124m** (an estimated €65 million increase on average expenditure per annum) to meet required annual spending as detailed in the table below.

Area	Current average Expenditure Per Annum** €M	Required Expenditure 2025 €M
Peatland restoration	30	50
Coastal environment	4	11
Marine	9	24
Native forests	8	16
Freshwater	8.2	23
Total	59.2	€ 124

*This does not include NRL commitments

** The Biodiversity Financial Needs Assessment, McGuinness, S. and Bullock, C. (2023)

Medium to Long-term restoration:

Beyond Budget 2025 Government should commit to the following:

- Creation of Nature Restoration Fund, to finance current AND capital funding of the National Restoration Plan
- Ringfencing funding for nature in the Infrastructure Climate and Nature Fund
- Fully fund MPAs

Sustainable Transport:

The Environmental Pillar welcomes the advancements and improvements to public transport and active travel made by the Government since 2020, however, transport remains one of the major contributors to GHG emissions and traffic congestion incurs real costs on both the economy and quality of life.

The Environmental Pillar calls on Government to include the following measure in Budget 2025

Investment in Active Travel:

- Increase to €500m in Budget 2025 (from current spend as per the Programme for Government is €360m per year).

Public Transport:

- Ensure no increase in public transport pricing across the country

Taxation Measures:

- Review VRT levels for all sizes, weights and types of vehicles, to promote the use of greener and smaller vehicle models. Sports Utility Vehicles (SUVs) should be specifically targeted for increased VRT. Large, SUV-style EVs to be subject to the same weight-based road tax as ICE vehicles.
- Target EV subsidies at rural drivers who have fewer transport options.
- Move towards introducing a system of congestion and parking charges starting in Dublin city by 2027 alongside car parking levies on free workplace parking.
 - Congestion charging in Dublin city to be accompanied by actions to increase road space for public transport and active travel modes only and decrease road space for private cars.
- Introduce financial penalties on local authorities that do not roll out active travel measures.
- Decouple the Bike to Work scheme from PAYE tax

Creating an environmentally sustainable tax system

The taxation system has an important role to play in promoting a sustainable economy that works for people, the environment and business. The principle of "taxing the bads" serves as a crucial tool in mitigating environmental damage. Tackling fossil fuel subsidies and encouraging the circular economy will make our taxation system fairer, more environmentally sustainable and will encourage job creation in the circular economy. In addition, introducing a Site/Land Value Tax will help put Ireland on an environmentally sustainable path in terms of development and tackling urban sprawl.

- Set up interdepartmental committee to develop a Site/Land Value Tax for introduction in the coming five years.
- Expedite the elimination of environmentally damaging subsidies in the taxation system, including but not limited to:
 - Aviation to be tackled through following measures:
 - (1) A ticket/passenger charge (climate charge), with revenue to be hypothecated for climate and nature restoration. Ticket charge to include domestic flights.
 - (2) Introduce a charge on the landing and departing of private jets in Ireland
 - Remove the VAT exemption on fertilisers prior to the 2032 EU deadline
- VAT reform:
 - Relief and tax credits for refurbished and repaired items to the take up of repaired items.
 - Reform on leasing, as per action plan for circular economy

- Investigate case for VAT reduction to rate on recycling and compost bins to encourage better segregation.
- 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.*)

Ensuring a Fair Transition

- Set up interdepartmental committee to develop a system of benchmarking and indexing social protection payments to average wages.
- Set up an expert working group to examine the introduction of Basic Income across a number of sectors, starting with low-paying key-worker sectors such as the care sector.
- Expand the Warmer Homes Scheme to include rental properties receiving the Housing Assistance Payment on the condition of a 5+year lease being offered to the tenant.
- Introduce zero-interest loans for home renovations targeting low-income households, similar to models used in France and the Netherlands.