Overview

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Frameworks

- Public Spending Code
- Green Budgeting

Policy analysis

- Taxation
- EVs
- Agri-environmental schemes (BDGP, GLÁS)

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- Established 2012
- Integrated cross-government service
- Evidence informed policy making
- Capacity building: Skills, data and analysis
- 200+ analysts in 17 Departments
- 300+ papers

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Frameworks: Public Spending Code

- Set of rules and procedures for spending public money

- Guidance in relation to the economic appraisal and evaluation of public expenditure and policies

- Consistency in terms of central technical appraisal parameters

- Parameters review

- Literature and international practice review, empirical evidence

Social Discount rate

- Social Rate of Time Preference methodology (time preference, elasticity of the marginal utility of C, annual growth in C),

- Social Discount Rate set at 4% (1 pp decrease)

- Declining term structure over long time horizons 2.5% after 100 years – environmental impact

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Frameworks: Public Spending Code

Shadow price of carbon

- Used to monetise the value of emissions from the "basket of seven" GHGs (expressed in) CO_2e

- Estimates based on the abatement cost values needed to reach the climate targets (the National Mitigation Plan estimated abatement costs for the energy sector)

- New shadow price of carbon for non-ETS emissions of €32 per tonne in 2020, rising by €6.80 a year to reach €100 per tonne by 2030 (ETS emissions in 2019: €23.60)

- Given uncertainty, shadow price of carbon beyond 2030 to rise by 5% a year (€265 in 2050)

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Frameworks: Green Budgeting

An Introduction to the Implementation of Green Budgeting in Ireland

- Paris Agreement (UNFCCC): national policy frameworks and financial flows aligned with low GHG emissions and climate-resilient development

- DPER: implementation of green budgeting through the budgetary and estimates process

- Green budgeting: use of the budgetary system to promote and achieve improved environmental outcomes

- Recognition that budgetary process is not a neutral process; reflects societal choices re resource allocation

- Iterative process which will take place over several budgetary cycles

- First step: 2019 Exchequer climate-related expenditure identified and published

- Climate-related*: Any expenditure which promotes, in whole or in part and whether directly or indirectly, Ireland's transition to a low carbon, climate-resilient and environmentally sustainable economy*

- Climate-related expenditure estimated at over €1.6 billion 2019

- Includes funding for energy efficiency, agri-env. schemes, public transport and flood risk management

- Ongoing basis: The Revised Estimates for Public Services Volume

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Policy analysis: Taxation

- Joint Research Programme – DF and ESRI

- *The economic and distributional impacts of an increased carbon tax with different revenue recycling schemes* (2020)

  - *Tax alone not sufficient to achieve EU emissions targets*

  - *Subject to the revenue recycling measure chosen*

  - *Recycling through transfers reduces the regressive impacts of carbon tax*

- I3E model (Ireland Environment, Energy and Economy) – ESRI, DF and DCCAE

  - *Tool to analyse climate policy in terms of environmental and economic impacts*

  - *The Impacts of Removing Fossil Fuel Subsidies and Increasing Carbon Tax in Ireland*

- *DFAgri-taxation Review*

- *Review of the Accelerated Capital Allowance scheme for Energy Efficient Equipment*

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Policy analysis: Taxation

The Use of Carbon Tax Funds 2020

- Details the use of the additional revenues raised by the €6 increase in the Carbon Tax announced in Budget 2020

- Additional €90m in revenue in 2020

  - *Protecting the vulnerable (fuel allowance, energy poverty efficiency upgrades),*

  - *A just transition (household upgrade, peatlands restoration, just transition fund);*

  - *Investing in low carbon transition (greenways/urban cycling, EV grants, charging infrastructure, green agricultural plots)*

- Ex-ante performance metrics for programmes in receipt of additional funding via the carbon tax increase; links with SDGs

- Ex-post assessment against performance metrics intended for inclusion in the Revised Estimates for Public Services

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Policy analysis: Electric Vehicles

Incentives for personal Electric Vehicle purchase, Spending Review 2019

- Climate Action Plan - target of 840,000 passenger electric vehicles (EVs) by 2030

- €200m allocated in Project Ireland

- Supports: purchase grant, VRT relief, toll incentive, charger grant, reduced motor tax)

- Average EV direct subsidy estimated between €10,141 and €13,616

- Expenditure increases accelerating

- Estimated cost for every 100,000 new EVs: €1.14 - €1.36 billion

- Estimated reduction in revenues (motor tax, VAT and fuel tax): €1.5 billion by 2030 (DTTAS estimates out to 2050)

- Regressive: tend to benefit the wealthier in society

- Challenge regarding sustainability, as well as cost relative to other measures for reduction in GHGs

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Policy analysis: Beef Data Genomics

Beef data genomics Programme, Spending Review 2019

- One of sustainability actions under the Rural Development Programme (RDP) 2014-2020, EU CAP

- Objectives :

  - *To improve the genetic merits of the national beef herd through the collection of data and genotypes*

  - *To lower the intensity of GHG emissions by improving the quality and efficiency of the national beef herd*

- A centralised database and genomics based index (€uro star rating system)

- Animals are ranked according to their efficiency on a scale of 1 to 5

- Improvement of existing herds by replacing cattle of lower genetic merit (i.e. 1 or 2 stars) with higher (4 or 5 stars)

- The proportion of higher rated animals in the national herd has increased

  - *Reduction in calving interval days (-20 days);*

  - *Increase in the number of calves per cow per year (+0.08)*

  - *Increased share of births with known sire (+8%) and AI bred (+2%)*

  - *Less CO_2 emissions per animal*

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Policy analysis: GLÁS

The Green, Low-carbon Agri-environment Scheme SR 2019

- Payment based agri-environment scheme under RDP 2014-2020

- €232 million in 2018 with 48,800 participants

- Average payment €4,204 (2017)

- Highest take-up among lower output farms: sheep farms (52%); dairy farms (13%)

- Dairy farms more environmentally impactful: highest GHG emissions (8.6 t CO_2e/ha); surplus of N in the soil (171 kg/ha)

- Attracts lower output (e.g. non-dairy farms) farms as a source of non-market income

- Low additionality (20%-67%): some actions already in place

- Network of green schemes: Basic Payment Scheme (BPS), Greening Payment, GLAS

- Additional impact of the individual schemes difficult to measure

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Conclusion

- Complex policy area

- Myriad of policy interventions

- Importance of policy analysis

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