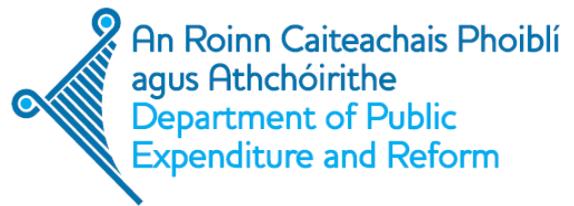




Irish Government Economic & Evaluation Service



# Spending Review 2017 Environment Fund

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This paper has been prepared by staff in the Department of Public Expenditure & Reform in the context of the Spending Review 2017. The views presented in this paper do not represent the official views of the Minister for Public Expenditure and Reform or the Department of Communications, Climate Action and Environment.

## Summary

The Environment Fund (EF) was established with effect from 17 July 2001 under the Waste Management (Amendment) Act 2001 and came under the remit of the Department of Communications, Climate Action and Environment (DCCAE) in 2016 following the transfer of departmental functions from the then Department of Environment, Community and Local Government.

Environmental levies on plastic bags and landfilling of waste were introduced under the Waste Management (Amendment) Act, 2001, as a means of encouraging behaviour that improves the quality of the environment<sup>1</sup>. The objective of increasing recycling rates by driving waste away from landfill contributes to the achievement of national environmental targets under the Landfill Directive 1999/31/EC; Waste Framework Directive 2008/98/EC; Packaging Directive 94/62/EC; the WEEE Directive 2002/96/EC; the End of Life Vehicles Directive 2000/53/EC and the Batteries Directive 2006/66/EC.

This review finds that the desired behavioural change has been achieved, as there is an overall decrease in volume per capita of plastic bags usage and landfilling of waste.

As of the end of 2015, plastic bag levies have generated €234m and landfill levies €483m<sup>2</sup>. Revenue from the levies goes into the Environment Fund and is ring-fenced for funding environmental and waste management projects<sup>3</sup> in accordance with Section 74(9) of the Waste Management Act 1996 (as amended).

Analysis shows that there was a steady build-up of surpluses in the first few years of the Fund's establishment<sup>4</sup>. This made the Fund an obvious source of support for priority activities in the environmental remit of the then Department of the Environment and Local Government when there were severe reductions in Vote allocations. This surplus has declined considerably since 2008 and further decline is projected from 2018 onwards.

Two main issues arise from this:

- (i) Core policy activities are being funded outside the traditional Voted expenditure system. Furthermore, some of these activities are currently not under the remit of the DCCAE.
- (ii) Projected decline in the Environment Fund income implies a risk that some essential commitments which are currently being met from the Fund could ultimately be transferred to the Exchequer.

In conclusion, further consideration should be given to:

- Exploring alternative sources of income to maintain the current levels of funding for activities and the possibility of extending these where appropriate.
- Potential reduction of expenditure so that longstanding programmes can operate at reduced capacity, or identification of essential activities so that discretionary/non-essential initiatives can be suspended.
- The appropriateness of continuing to fund activities that are not within the remit of the Fund's "parent" Department, DCCAE.
- The appropriateness of continuing to apply the Environment Fund to funding of core environmental policy initiatives, rather than through Voted Funding.

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<sup>1</sup> To reduce litter by reducing the consumption of disposable plastic bags; to increase the re-use, recycling and recovery of waste, thereby reducing waste directed to landfilling; to generate revenues that can be applied to support waste minimisation and recycling initiatives.

<sup>2</sup> The Fund has also generated €9m interest income in this period

<sup>3</sup> Expenditure at end of 2015 stood at €715m

<sup>4</sup> Accumulated surplus at end of 2007 was €58m.

# 1. Introduction

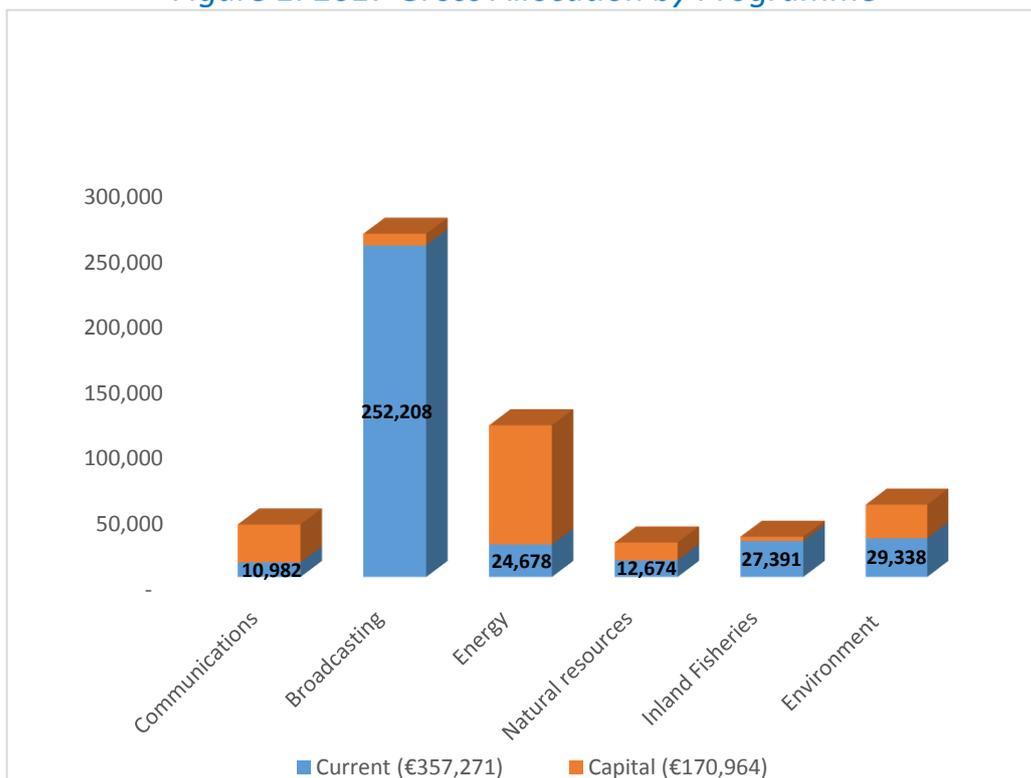
The Department of Communications, Climate Action and Environment (DCCAE) is responsible for communications, climate action, environment, broadcasting, energy, natural resources and postal services.<sup>5</sup>

The Vote is structured over the following six programmes: communications, broadcasting, energy, natural resources, inland fisheries and environment and waste management<sup>6</sup>. Specific high level objectives for each area are outlined in the Department’s latest Statement of Strategy 2016-2019.

## 1.1. 2017 allocations – gross and net

2017 gross allocation to the Vote comprises €357m current and €171m capital. Approximately 62% of the gross current allocation is effectively “pass through” via the broadcasting licence fee appropriations in aid (€222m). Hence the net current allocation gives a more balanced overview of current funding across the different programmes within the Vote. See charts at Figure 1 and Figure 2.

Figure 1: 2017 Gross Allocation by Programme

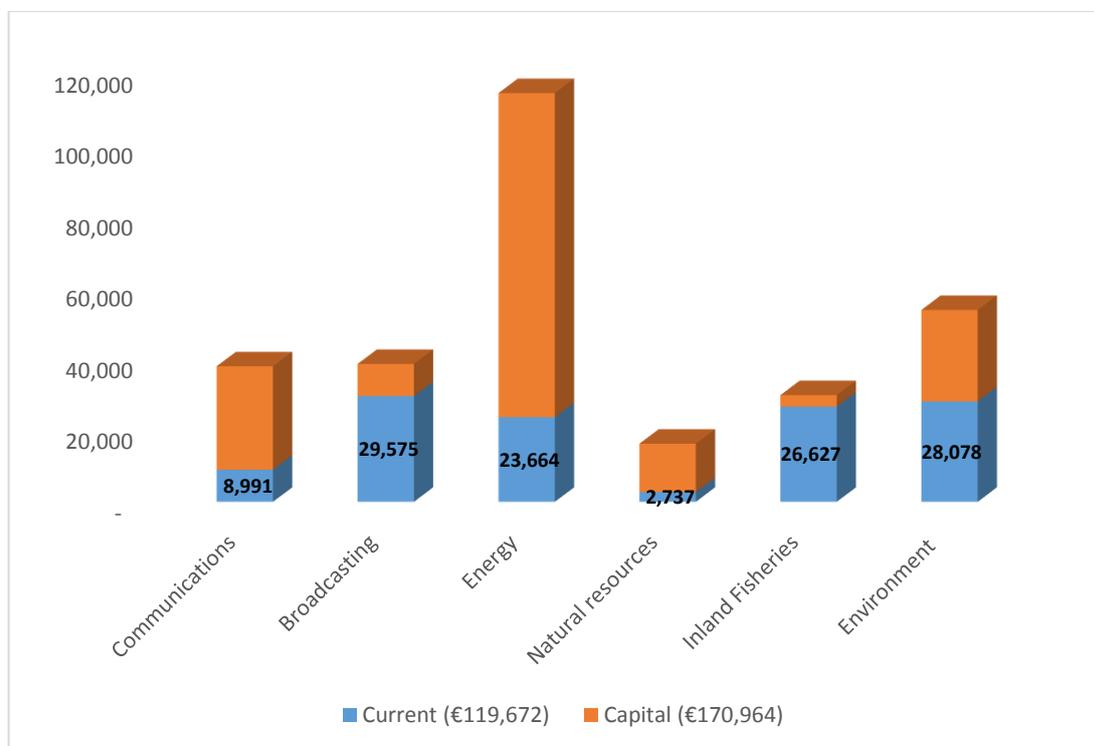


Source: Revised Estimates Volumes 2017

<sup>5</sup> <http://www.dccae.gov.ie/en-ie/about-us/our-department/Pages/default.aspx>

<sup>6</sup> Environment and waste management is a new programme in the Department, following the transfer of functions in July 2016

Figure 2: 2017 Net Allocation by Programme



Source: Revised Estimates Volumes 2017

## 1.2. Area for expenditure review

The Broadcasting programme has the highest level of current funding at €30m and is planned for review within the 3-year cycle. The Environment and Waste Management programme has the next highest level of current funding and is a new programme within this Vote following the transfer of functions in July 2016.

The Department’s expenditure also includes the Environment Fund (EF) which is a non-Voted element of the Environment and Waste Management area. The 2017 estimates of income and expenditure for the EF are €31m and €36m respectively<sup>7</sup>. This brings the total current 2017 expenditure in the Environment and Waste Management area of the Vote to €65m<sup>8</sup>.

In addition to the level of expenditure funded from the EF, this area has been selected in this round of expenditure review because of policy issues and exchequer funding risks.

<sup>7</sup> These estimates will increase as a result of the temporary suspension of waste burning at the Dublin Waste to Energy thermal treatment plant (Poolbeg incinerator) following a lime leakage during in June 2017. Revised 2017 estimates yet to be determined.

<sup>8</sup> Section 5.5 provides an outline of the activities funded from the EF to date, including some which are no longer under the aegis of DCCAE following changes in Departmental functions in recent years.

### 1.3. Exchequer risk

It is envisaged that income to the EF from Landfill Levies will decrease significantly from 2018 onwards, as the Dublin Waste to Energy thermal treatment plant (Poolbeg incinerator) comes on stream during 2017. Payments from the EF include commitments that have to be met, regardless of this decline in income. There is therefore the risk that meeting these commitments will ultimately fall to the Exchequer, as there is no statutory provision to allow the Fund to run a deficit.

### 1.4. Policy issues

There is the risk that the range of activities funded from the EF may widen to include areas which are core Departmental policy functions. The appropriateness of funding areas such as EPA research, which is a core DCCA E Vote function raises policy issues. Similarly, continuing to fund initiatives such as natural and built heritage projects and international meteorological subscriptions that are no longer within the remit of DCCA E also raises policy issues.

## 2. Methodology

This is a desk based review of the Fund. Measurement of efficiency or effectiveness in terms of particular programme or initiative is not practicable for the purpose of this review - this is because expenditure from the Fund is on a variety of activities across 13 categories specified within legislation and also because there is an overlap between the Vote's Environment programme and the activities funded by the Fund.

This means that the EF is, in effect, additional to Exchequer funding for certain activities and a measure of their outputs would reflect the overall programme rather than the portion funded via the Environment Fund.

Therefore, having regard to the statutory objectives of the Fund, this is a desk review that examines the key performance indicators of the levies. Trend analysis is used to identify the drivers of income and to establish expenditure allocation patterns. Future trends are considered in terms of current developments in the environment sector and significant issues resulting from these are highlighted for further consideration.

Data on income, expenditure and accumulated surpluses on the Environment Fund was obtained from published reports of the Comptroller and Auditor General on the Environment Fund Accounts. Central Statistics Office population data is used for per capita analysis. Forecast data was obtained from the Department of Communications, Climate Action and Environment.

## 3. Terms of Reference of the Review

To examine the EF having regard to the statutory objectives of the Fund, the drivers of income and the nature and trend of activities funded by the EF.

To identify both potential performance indicators for measuring effectiveness of the levies and criteria for establishing priorities of activities supported by the Fund.

## 4. Environment Fund Overview

### 4.1. Legal basis

The EF was established with effect from 17 July 2001, by the Waste Management (Amendment) Act 2001 and was managed and controlled by the then Minister for the Environment and Local Government. The function transferred in 2016 to the Minister for Communications, Climate Action and Environment.

EF revenue is from environmental levies introduced in respect of:

- Plastic bags, by the Waste Management (Environmental Levy) (Plastic Bag) Regulations 2001 (S.I. 605 of 2001) as amended by the Waste Management (Environmental Levy) (Plastic Bag) (Amendment) (No. 2) Regulations 2007 (S.I. No. 167 of 2007).
- Landfill by, the Waste Management (Landfill Levy) Regulations 2002 (S.I. No. 86 of 2002). These Regulations were amended in subsequent years and replaced in 2011 by the Waste Management (Landfill Levy) Regulations 2011 (S.I. No. 434 of 2011). Further amendments, mainly in relation to an increase in the levy rate, were made in 2012 and 2013 by the Waste Management (Landfill Levy) (Amendment) Regulations 2012 and the Waste Management (Landfill Levy) (Amendment) Regulations 2013 – raising the rate to the current level of €75 per tonne.

Section 74(9) of the Waste Management Act, 1996 (as inserted by Section 12 of the Waste Management (Amendment) Act, 2001) specifies the environment and waste management purposes for which payments may be made from the Fund. These are listed at Appendix 1.

### 4.2. Governance structure

Although the EF does not constitute “voted” money, the accounts of the EF are submitted to the C&AG for audit and are laid, along with the C&AG’s report, before each House of the Oireachtas annually.

The Minister for Communications, Climate Action and Environment is the Minister responsible for the administration of the Fund under statute. The Minister for Public Expenditure and Reform has no role in its operations.

The Secretary General of DCCAIE is the Accounting Officer for the Fund.

### Remittances

Local Authorities have the statutory role of remitting revenue from Landfill Levies to the Fund account. The Accounts and Waste Policy & Resource Efficiency Division (WPRED) of DCCAIE monitors this revenue. The Revenue Commissioners, under a service level agreement with DCCAIE, collect Plastic Bag Levy (PBL) revenue and remit it to the Fund account.

## **Revenue – Monitoring & Projections**

DCCAЕ monitors revenue and makes revenue projections based on historical trends and information supplied by Waste Policy and Resource Efficiency Division. The Division that monitors this within the Department is Aarhus, the Bioeconomy and Environmental Awareness Division (ABEAD).

## **Funding Proposals**

ABEAD seeks bids from appropriate areas of the Department for funding initiatives that are in line with the provisions of Section 74(9) of the Waste Management Acts 1996 (as amended)<sup>9</sup>.

ABEAD makes a submission to the Minister annually, seeking approval for allocations based on the bids and the projected revenue to the Fund for the year ahead. Following approval by the Minister individual subheads within the EF are controlled at Principal Officer level, within the appropriate area, subject to procedures outlined in the procedures manual. ABEAD monitors and reports to senior management on the EF income and expenditure. Accounts Division prepares the EF annual accounts which are audited annually by the Office of the Comptroller and Auditor General.

## **Heritage Projects – (Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs.<sup>10</sup>)**

After the transfer of functions in 2011, responsibility for heritage projects transferred to the new Department of Arts, Heritage, Regional and Gaeltacht Affairs (DAHRRGA). In order to continue to fund these projects from the EF, an agreement was reached in 2012 at Secretary General level, that the Department would receive 10% of the overall EF allocation, for each year from 2012 to 2014. This agreement has continued in 2015, 2016 and 2017 in respect of heritage projects.

The agreement stipulated that, (i) all payments from the annual allocation were to be certified by DAHRRGA as being in accordance with the legislation under which the Fund was established; (ii) there was to be no provision to overspend the annual allocation; (iii) underspends could be carried forward to the subsequent year; (iv) if underspends were excessive or habitual, a mechanism to review the carryover was to be established between the two departments.

## **Subscription to International Meteorological Bodies – (Department of Housing, Planning, Community and Local Government)**

Also following the transfer of functions in 2016, responsibilities for subscriptions to international meteorological bodies remained with the new Department of Housing, Planning, Community and Local Government while responsibility for the EF transferred to DCCAЕ. A formal governance arrangement between the two departments on the funding of these subscriptions is being discussed for 2017 and, in the interim, an EF allocation has been made for part of the 2017 subscriptions to international meteorological bodies.

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<sup>9</sup> Section 74(9) of the Waste Management Acts 1996 (as amended) is at Appendix 1

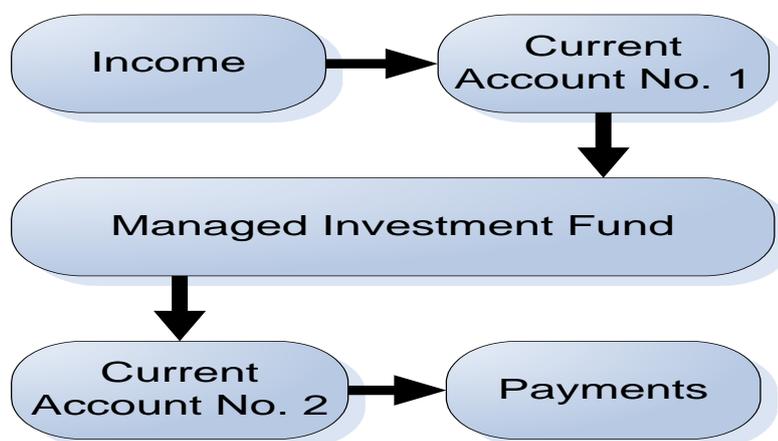
<sup>10</sup> The Department's name will change upon the transfer of Departmental functions

### 4.3. Income and expenditure administration

The Plastic Bag Levy (PBL), collected by the Revenue Commissioners, and the Landfill Levy (LL), collected by local authorities, are remitted into the EF. Collection costs incurred by the Revenue Commissioners are reimbursed from the Fund and these amount to approximately €400,000 per annum. Each local authority may retain up to 2% (maximum of €50,000 per annum) of levies payable in respect of privately operated landfill facilities and 80% of levies payable in respect of unauthorised landfill facilities<sup>11</sup> to meet expenses incurred in the enforcement and collection of levies.

Levy income is paid into a current account in the name of the Fund. Funds in excess of €100,000 are transferred on a regular basis to the EF investment Account. Funds required for making payments are transferred from the investment account to a second current account as and when required. See Figure 3.

*Figure 3: Environment Fund Income Administration*



Source: Department of Communications, Climate Action and Environment.

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<sup>11</sup> Landfill facilities operators are required to obtain a licence from the EPA and pay levies on deposition of waste. Unlicensed operators and illegal dumping of waste are termed unauthorised landfills. Where waste is dumped in an unauthorised or illegal fashion, the perpetrators should be pursued for the levy when caught and therefore enjoy no advantage over the authorised operator.

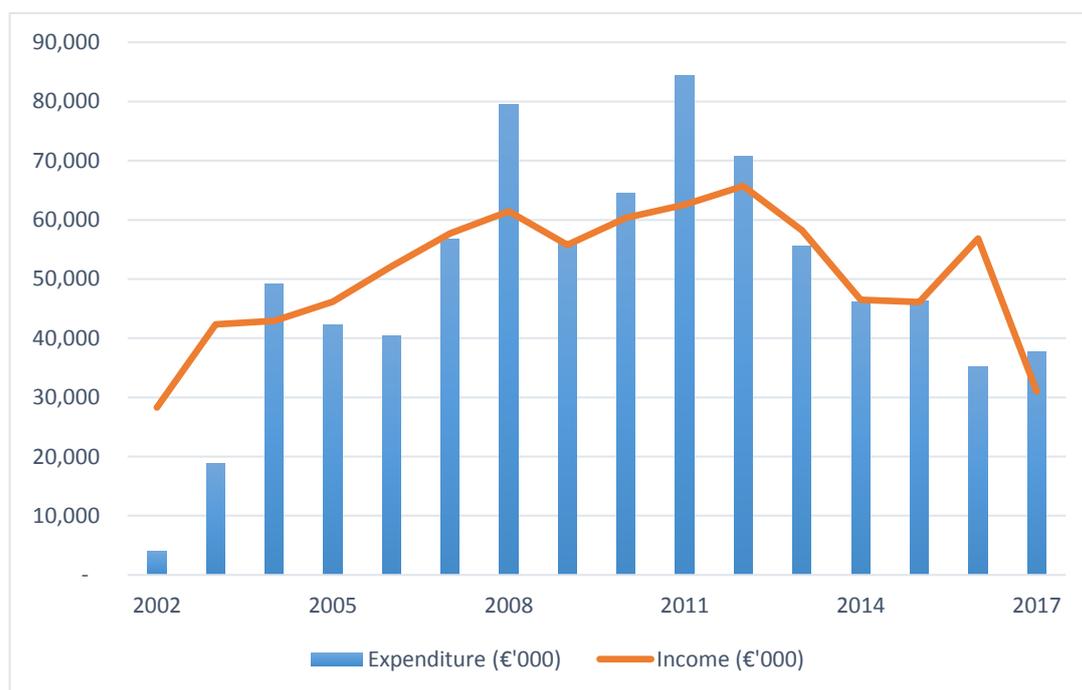
## 5. Environment Fund Analysis

### 5.1. Income and expenditure trend analysis

Figure 4 shows income and expenditure trends from 2002 to date using data from audited EF annual accounts.<sup>12</sup> These are published on the Department's website and include an outline of the sources of income<sup>13</sup> and expenditure for the financial year on an accruals basis.

Figure 5 shows the accumulated surplus, calculated as the difference between cumulative income and cumulative expenditure at 31 December annually.

*Figure 4: Environment Fund Income and Expenditure (€'000)*

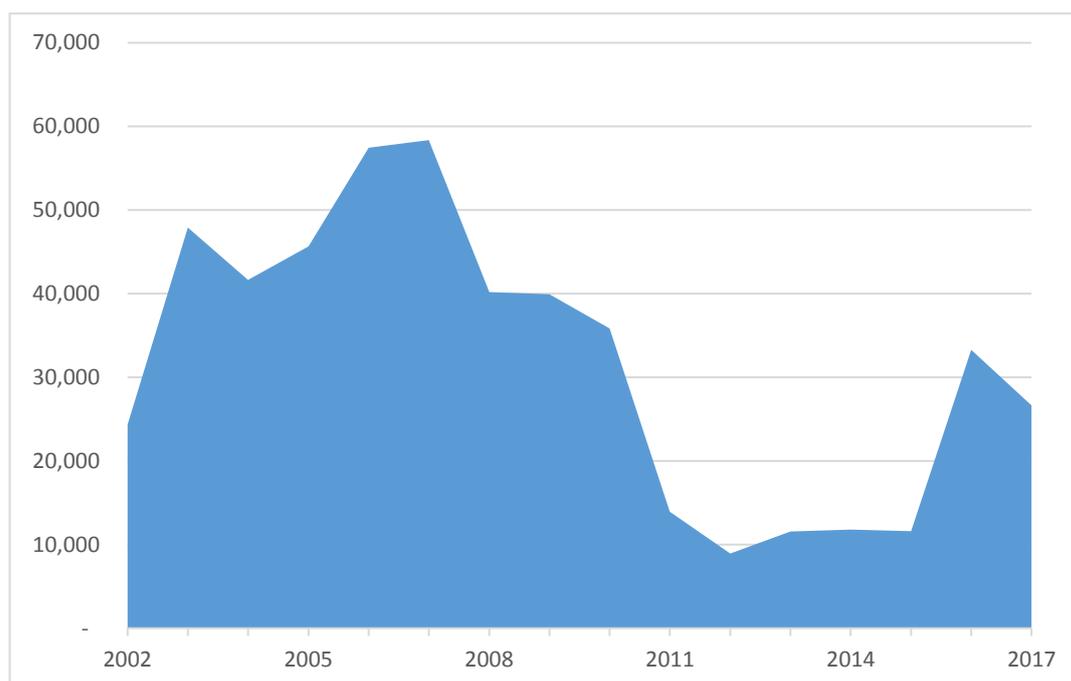


Source: Annual Environment Fund Accounts and C&AG Reports.

<sup>12</sup> 2016 figures are on a cash-basis. 2017 figures are estimates; Accounts for the period ending 31 December 2002 cover the period from 17 July 2001

<sup>13</sup> Income in the published accounts includes interest on investment which makes up about 1% of the total income figure

Figure 5: Environment Fund Accumulated Surplus at 31 December (€'000)



Source: Annual Environment Fund Accounts and C&AG Reports.

Income exceeded expenditure in the first few years from inception and by the beginning of 2008, the EF had accumulated a surplus in excess of €58m. Due to significant reductions in Vote allocations during the economic downturn, this surplus was used to support the funding of activities in the environment, heritage, and waste management and Met Eireann areas of the Vote. Consequently, the surplus in the Fund wound down considerably in subsequent years. It was recognised that this level of spending was unsustainable and cutbacks in expenditure were implemented from 2012 and it became necessary to match expenditure to the estimated revenue in a given year.

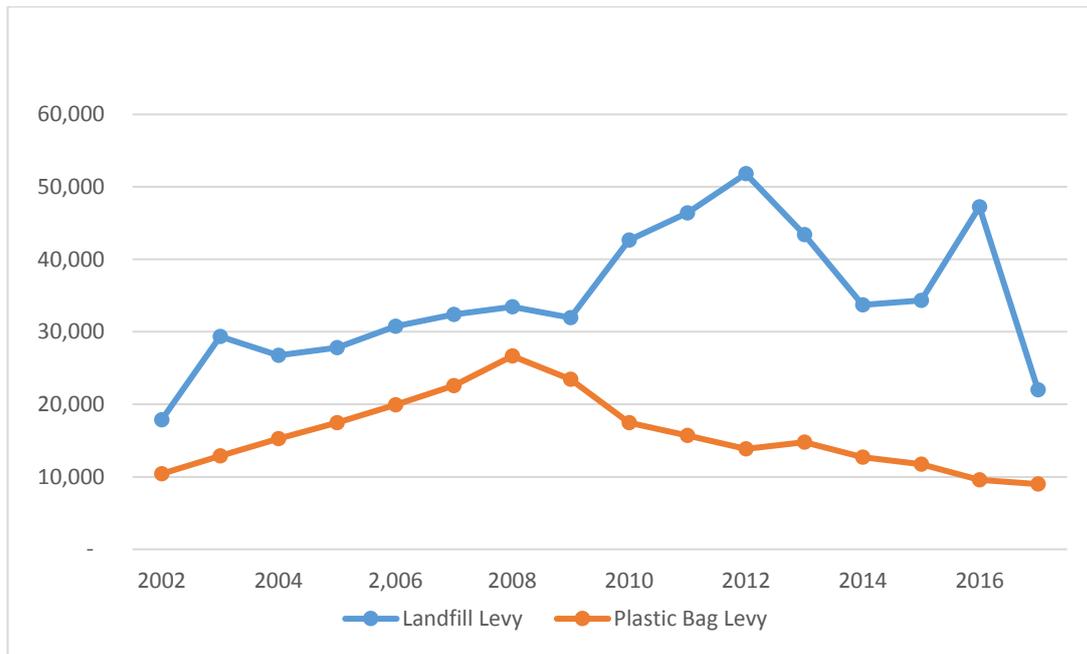
## 5.2. Levy income trend analysis

Figure 6 shows income trends from 2002 to date, using data from audited EF annual accounts<sup>14</sup>. The two main drivers of income to the Fund are (i) the price at which the levies are set and (ii) behavioural change as reflected in the tonnage of landfill waste<sup>15</sup> and volume of plastic bag usage.

<sup>14</sup> 2016 figures are on a cash-basis. 2017 figures are provisional; Accounts for the period ending 31 December 2002 covers the period from 17 July 2001

<sup>15</sup> For waste to which the levy applies, as certain waste streams are exempt from the levy.

Figure 6: Landfill and Plastic Bag Levy Income (€'000)



Source: Annual Environment Fund Accounts and DCCAE projections.

The Landfill Levy was set at €15 per tonne from 2002 to 2006. It increased to €20 a tonne in 2006, €25 a tonne in 2009 and €30 a tonne in February 2010. The Environment (Miscellaneous Provisions) Act 2011 provided for greater flexibility in the setting of the LL. Following indications of three year increments to the industry, the levy increased to €50 per tonne on 1 September 2011, to €65 per tonne from 1 July 2012, and finally increased to its current level of €75 per tonne on 1 July 2013. These increments are reflected at Figure 6 shows income trends from 2002 to date, using data from audited EF annual accounts. The two main drivers of income to the Fund are (i) the price at which the levies are set and (ii) behavioural change as reflected in the tonnage of landfill waste and volume of plastic bag usage.

Figure 6 showing an overall rise in LL intake coinciding with periods of increase in rates.

In line with the objective of the levy, the €15 (30%) per tonne increase in the LL rate for the last six months of 2012 resulted in a decline of approximately 17% in tonnage going to landfill for the six month period compared to the same period in 2011<sup>16</sup>. The net result, taking the increased rate into account, was a 12% increase in LL revenue in 2012 compared to 2011. Overall revenue increased by 5% in 2012 compared to 2011.

This increase in revenue was short-lived however. In 2013 and 2014, the increase in the LL, as planned, had a further dissuasive effect on tonnages going to landfill. It is estimated that the 2013 €10 (15%) per tonne increase in the LL rate for the last six months of 2013, resulted in a decline of 45% in tonnage going to landfill for this six month period compared to the same period in 2012. Levy revenue continued to decrease steadily during 2014 before the decline slowed, but did not cease, in 2015.

Similarly, the PBL was 15c per bag in 2002. This has seen only one increase, to 22c, in July 2007. The 2007 increase was introduced to address the issue of the steady increase in plastic bag usage between 2003 and 2007. Plastic bag usage, and thus revenue from the PBL, has steadily declined from 2008 to date.

A third source of income into the EF is investment income earned from the investment account with the Housing Finance Agency.<sup>17</sup> Investment income into the EF is minimal, at an average of only 1% of the total income to the fund to date.

### 5.3. Key performance indicators

The PBL and LL are economic instruments to encourage behaviour that protects or limits negative impacts on the environment. The LL was designed to encourage the reduction of waste directed to landfilling<sup>18</sup>. The PBL was designed to address the plastic bag litter problem prevalent in the years leading up to 2000. The main indicators for measuring the achievement of desired behavioural changes are the tonnage of waste directed to landfills and the number of plastic bags used, expressed per capita at Figure 7 and Figure 8.

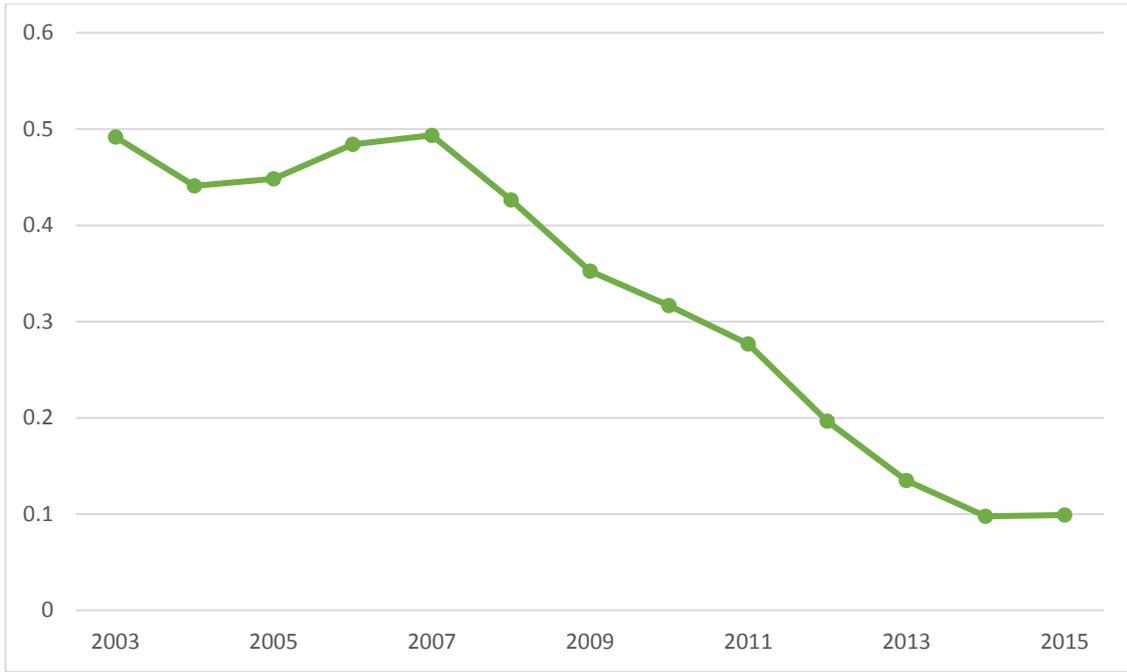
*Figure 7: Estimated Tonnes of Landfill Waste Per Capita*

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<sup>16</sup> See table at Appendix 2 for further details.

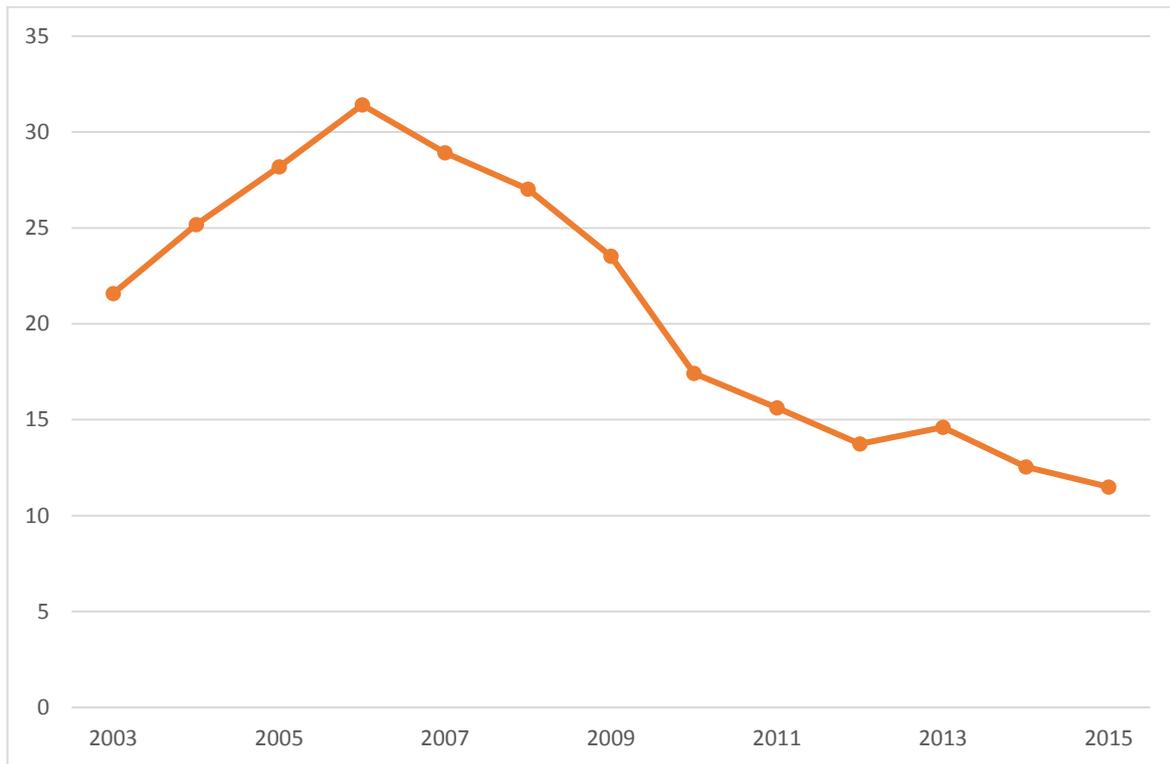
<sup>17</sup> See income and expenditure administration at Section 4.3

<sup>18</sup> To increase re-use, recycling and recovery of waste, thereby reducing waste directed to landfill.



Source: DCCAE Calculations and CSO Figures.

Figure 8: Estimates of Number of Plastic Bags Per Capita



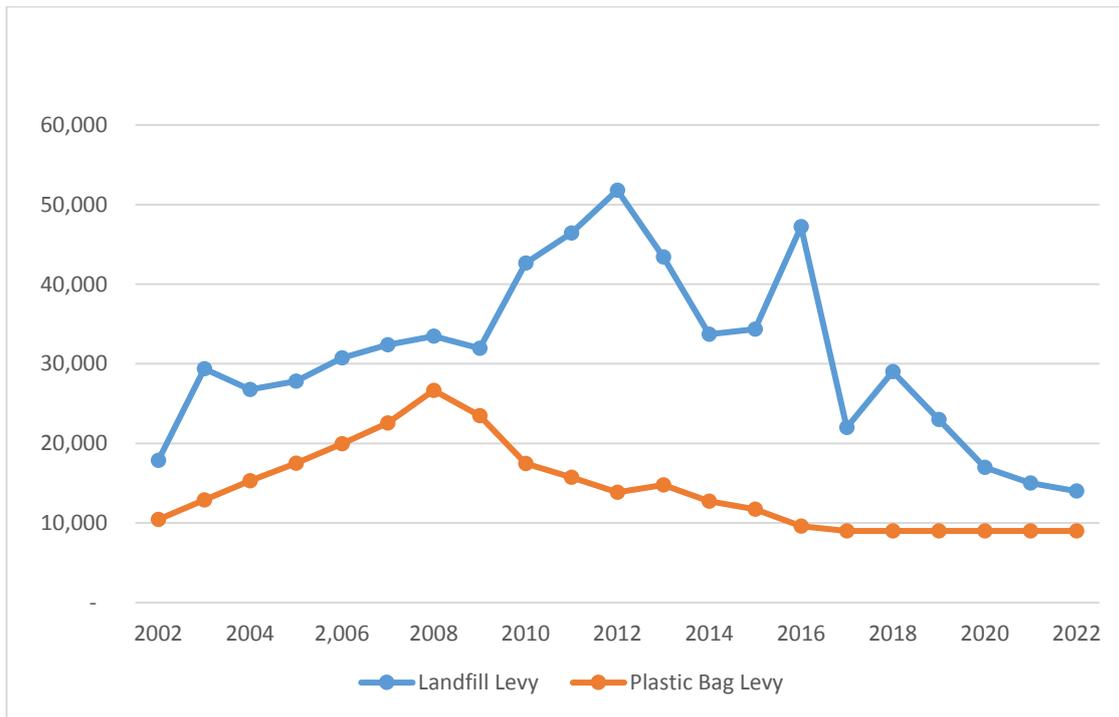
Source: DCCAE Calculations and CSO figures.

The continuous downward trend of the charts at Figure 7 and Figure 8 indicates that the desired behavioural changes have been achieved. The steady rise in plastic bags usage between 2003 and 2006 reflects the economic buoyancy at the time. The 47% increase of the PBL from 15c to 22c in 2007 addressed this, and plastic bag usage consequently declined steadily to date.

#### 5.4. Future trends and forecasts

Figure 9 shows indicative levy income up to 2022. PBL may remain at the current level of €9m per annum until 2022. This is just under the 2002 level of €10.4m. The level could be significantly lower, depending on the commercial decisions made by private companies supplying leviable bags. LL on the other hand is projected to dip sharply from the current level of €45m to only €29m in 2018. This reflects the commencement of Dublin Waste to Energy thermal treatment plant (Poolbeg incinerator) operations in 2017, and a significant decline in available built landfill capacity with the necessary statutory consents to accept waste. This decrease in LL income is projected to continue in the coming years with 2022 income projected to reduce to €17m.

Figure 9: Levy Income Forecast (€'000)



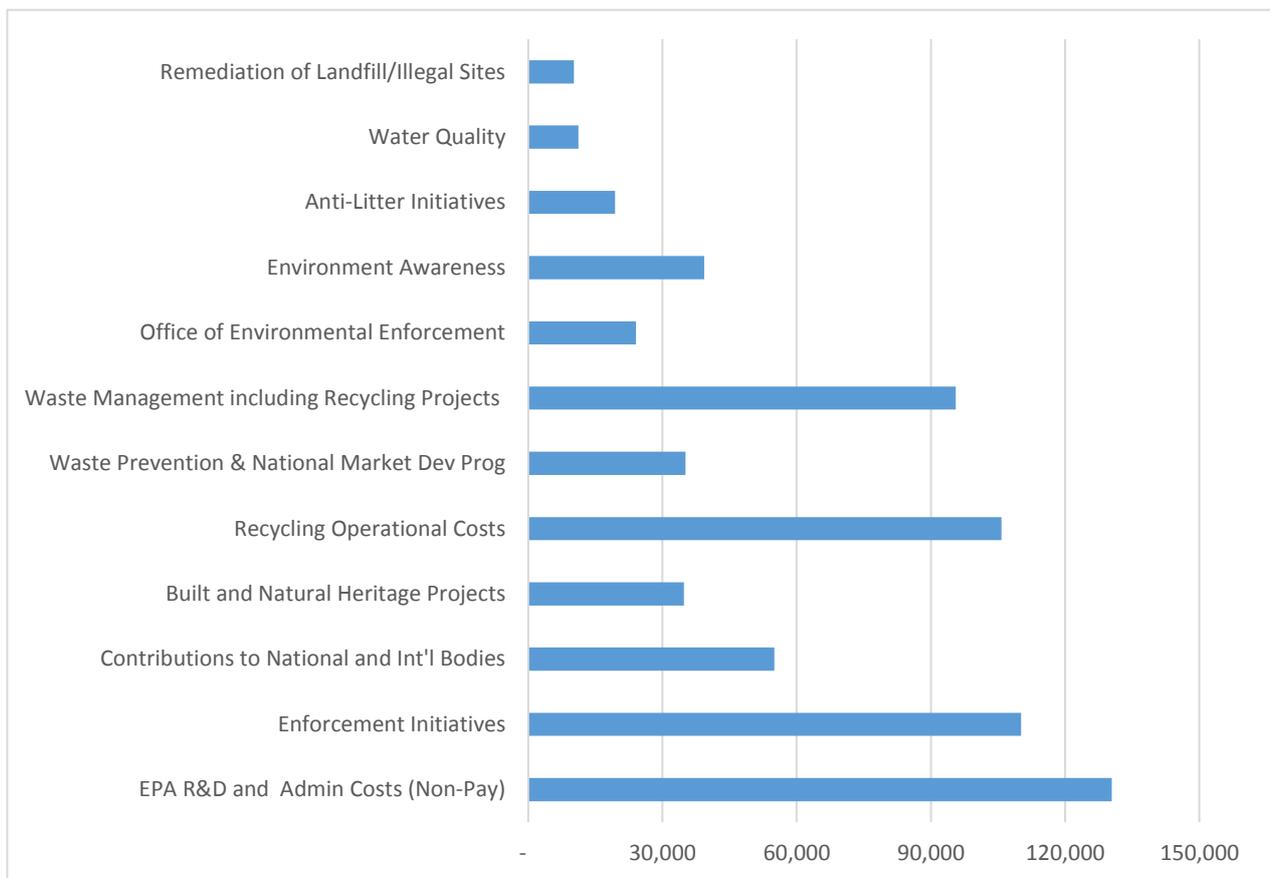
Source: DCCAE projections.

## 5.5. Expenditure analysis

Figure 10 shows the cumulative expenditure since 2002 on the main expenditure areas funded from the EF19. The largest payments from the EF are to the Local Authorities for different waste management initiatives and to the Environmental Protection Agency (EPA) for research and development and other non-pay administration costs. As outlined in the governance structure, allocation of funds to each of these areas (other than Built and Natural Heritage Projects) is based on bids made by relevant sections within DCCAE, followed by recommendations for the Minister’s approval. There is therefore no means of analysing expenditure trends and forecasts. Analysis of individual expenditure items, however, highlights an overlap with core Vote areas. For example, research and development and other administration (non-pay) costs of the EPA and landfill remediation are under sub-heads F3 and F6 respectively in the REV.

<sup>19</sup> Other expenditure areas with cumulative expenditure less than €20m are not included in the chart.

*Figure 10: Significant Expenditure Areas from 2001 to 2015 (€'000)*



Source: Environment Fund Accounts and C&AG reports.

Some items of expenditure are also no longer within the remit of DCCAE following various transfers of Departmental functions over the years. For example, the built and natural heritage payments are made to Arts, Heritage, Regional, Rural and Gaeltacht Affairs (DAHRRGA) based on an agreement reached in 2012 following the 2011 transfer of functions.

## 6. Conclusion - Significant Issues

In conclusion, this review raises a number of issues that could be considered as part of subsequent reviews of the environment and waste management programme of DCCAE including:

- the capacity of the EF to continue to fund the full range of current activities and the current levels of funding against the background of declining incomes; consideration of (i) further increases to the levies and (ii) potential new/additional sources of income;
- an examination of activities for which funding from the Environment Fund should cease or continue (and to what level); whether such support is appropriate to the Fund or to the DCCAE Vote; the degree to which the EF is funding activities that fall outside of the remit of the DCCAE;
- prioritisation of activities to be funded;
- estimating Exchequer implications/risks.

### 6.1. Declining income

Forecasts for the immediate future show a significant decrease in EF income. While this reflects achievement of the behavioural change objectives, it implies a decrease in the level of future funding available to environmental and waste management initiatives under the EF area. The EF is currently no longer in a position to sustain current levels of funding for initiatives in the near term. If the existing level of funding for these initiatives is to be maintained, consideration may be given to (i) further increase in levy rates<sup>20</sup> or (ii) exploring additional sources of income, i.e. other levies that might be designed to drive desirable changes in environmental behaviour<sup>21</sup>.

### 6.2. Affordability of current levels of funding

As the accumulated surplus diminished from 2008 onwards, cutbacks in EF programmes became necessary. The approach was to apply broad strokes to reduce funding across the initiatives. Funding was provided, as far as practicable, to enable longstanding EF programmes to continue to operate, albeit at reduced capacity, rather than to close programmes generally.

As levels of income to the EF are forecast to dip further, it is unlikely that further cutbacks in already diminished environmental programmes can be achieved without a significant detrimental effect on the outputs. Consideration may have to be given to closing some initiatives.

### 6.3. Criteria for establishing priority initiatives

While the initiatives supported by the EF all fall within the requirements of legislation, the process of allocating funds to these initiatives could be strengthened by identifying clear prioritisation guidelines. Analysis shows that allocation of funds to initiatives varies from one year to the other. Furthermore, even

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<sup>20</sup> Bearing in mind that increasing the rates can result in diminished revenue, even in the short term, if desired behavioural changes are achieved.

<sup>21</sup> The rationale for the levies as economic instruments to encourage desired behavioural change, rather than as sources of revenue has to be considered.

though the levies are there to reduce littering and disposal to landfill, the application of the fund is not limited to waste and litter initiatives. Consideration can be given to the identification of essential activities based on pre-defined criteria.

#### 6.4. Initiatives no longer within the remit of DCCAE

Responsibility for the EF was under the remit of the same Department, the then Department of Environment, Heritage and Local Government, as the built and natural heritage programme until 2011 when there was a transfer of functions. Similarly, the EF and subscriptions to international meteorological bodies also fell under the remit of then Department of Environment, Community and Local Government, until 2016 when there was also a transfer of functions. While there has been a formal agreement between DAHRRGA and DCCAE for the annual allocation of 10% of the EF overall allocation to the built and natural heritage, such agreement does not exist for subscriptions to international meteorological bodies. Both Departments agreed in 2016 that an EF allocation would be put in place for 2017 for subscription to international meteorological bodies.

Given the discretion available to the Minister for CCAE in deciding on annual allocations from the EF, it is likely that one way to prioritise is to fund DCCAE initiatives in preference to those under other Departments unless there is a specific agreement in place.

#### 6.5. Inter-linkages with Vote expenditure

There is a clear overlap between the core environmental policy areas of the Department and the areas covered by the EF legislation. This made it possible for the EF to provide a cushion effect when expenditure cutbacks were applied to the Vote during the economic downturn. By 2011, the EF was used to fund commitments of €18.7m that were previously under Vote funding, including in relation to the built heritage, landfill remediation, the EPA and the Radiological Protection Institute.

The converse is now the case, whereby commitments taken on by the EF in those years are gradually being returned to core Vote funding by DCCAE. Over the past two years, the Department has transferred €13.6m in ongoing annual expenditure in relation to the Environmental Protection Agency research and development and landfill remediation, from the Environment Fund back to core Vote funding. This allows for a potential widening of areas that will have to be funded by the Exchequer over and beyond existing Exchequer funded areas. In order to minimise this, consideration should be given to (i) defining certain elements of environmental initiatives with potential for Exchequer funding (ii) defining those areas which should not be funded by the Exchequer.

#### Quality Assurance

This paper was written in conjunction with the Department of Communications, Climate Action and Environment. The author also engaged with the Spending Review Working Group.

## Appendix 1: Section 74(9) of the Waste Management Act 1996 (as amended)<sup>22</sup>

(9) “Without prejudice to subsection (12), the Minister may from time to time pay out of the Environment Fund such amounts of moneys as he or she considers appropriate for any or all of the following purposes, namely–

- (a) to assist, support or promote any programmes or schemes established for the prevention or reduction of waste in the State or the establishment of such programmes or schemes,
- (b) to assist the establishment, equipping and, where appropriate, the operation of waste re-use and recycling activities generally, or recovery of activities in respect of any specified class of waste,
- (c) to assist, support or promote research and development with respect to any aspect of waste management,
- (d) to assist, support or promote the production, distribution or sale of products of a particular class, being products which possess characteristics (whether characteristics of an inherent nature or related to the process by which they are manufactured) likely to render them less harmful to the environment than other products falling within the same class,
- (e) to assist, support or promote the development of initiatives by producers to prevent or reduce waste arising from activities carried on by them,
- (f) to assist generally the implementation of waste management plans (within the meaning of Part II) and the hazardous waste management plan,
- (g) to facilitate or assist the enforcement of the provisions of any enactment (including this Act) relating to waste management or the prevention of litter or otherwise relating to the protection of the environment,
- (h) to facilitate or assist projects, commonly known as partnership projects, that involve local authorities and the purpose of which is to improve the quality of the environment in so far as it affects a particular local community or communities,
- (i) to promote awareness of the need generally to protect the environment and in particular, to assist, support or promote national and regional campaigns the objectives of which are to foster such awareness,
- (j) to promote or support education and training that would facilitate the achievement of the objectives of campaigns as aforesaid,
- (k) to assist the provision of the necessary resources (whether human or material) to enable such education and training to be carried out or facilitate the improvement of any such resources that exist for the time being,
- (l) to assist, support or promote initiatives undertaken by community groups, environmental groups or other like persons with respect to the protection of any aspect of the environment, and
- (m) such other purposes with respect to the protection of the environment as may be prescribed.

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<sup>22</sup> This Section of the Waste Management Act 1996 (Amended) lists the purposes for which payments may be made from the Environment Fund

## Appendix 2: Environment Fund Income and Expenditure Account

(Source: Published C&AG Reports)

Income	2002 €'000	2003 €'000	2004 €'000	2005 €'000	2006 €'000	2007 €'000	2008 €'000	2009 €'000	2010 €'000	2011 €'000	2012 €'000	2013 €'000	2014 €'000	2015 €'000	2016 €'000	2017 €'000
Environmental Levy on the Landfill of Waste	17,869	29,360	26,766	27,799	30,750	32,399	33,474	31,942	42,661	46,423	51,809	43,399	33,717	34,340	47,241	22000
Environmental Levy on Plastic Bags	10,428	12,883	15,278	17,485	19,947	22,578	26,665	23,466	17,458	15,725	13,863	14,769	12,715	11,728	9,588	9000
Interest on Investments	0	71	892	915	1,437	2,749	1,280	355	266	426	42	17	39	23	17	0
<b>Total Income</b>	<b>28,297</b>	<b>42,314</b>	<b>42,935</b>	<b>46,198</b>	<b>52,134</b>	<b>57,726</b>	<b>61,418</b>	<b>55,763</b>	<b>60,384</b>	<b>62,573</b>	<b>65,714</b>	<b>58,184</b>	<b>46,471</b>	<b>46,091</b>	<b>56,847</b>	<b>31,000</b>
Expenditure																
EPA R&D and Admin Costs (Non-Pay)	0	5,000	7,000	7,000	7,000	8,495	10,000	11,140	10,514	13,005	12,100	13,896	13,398	11,900	8,502	4900
Enforcement Initiatives	0	741	4,051	8,849	7,775	7,152	8,501	8,655	12,342	13,538	11,353	9,334	6,552	11,329	8,225	8700
Contributions to National and Int'l Bodies	18	2,373	2,318	2,436	2,498	2,476	2,324	2,492	2,559	2,555	7,841	8,229	8,152	8,731	6,259	6121.1763
Built and Natural Heritage Projects	0	0	0	0	0	0	0	568	946	9,240	8,846	5,884	5,051	4,264	3,176	3783.2973
Recycling Operational Costs	0	0	7,250	7,000	10,000	11,915	12,085	14,213	14,364	12,000	7,250	4,956	3,275	1,499	0	0
Waste Prevention & National Market Dev Prog	0	0	283	802	1,726	1,518	3,647	4,223	4,900	5,200	4,322	3,491	2,704	2,344	2,320	3296
Waste Management including Recycling Projects	2,085	5,625	22,008	7,273	2,242	17,246	14,258	2,726	8,189	9,273	1,480	2,352	533	300	102	2410
Office of Environmental Enforcement	0	267	861	1,800	2,186	2,019	2,200	2,200	2,200	2,200	2,100	2,022	2,000	2,000	2,200	2220
Environment Awareness	0	2,465	2,619	4,085	3,649	1,615	9,104	4,346	2,418	2,593	1,638	1,659	1,611	1,555	1,860	1666.5
Anti-Litter Initiatives	0	1,043	1,207	1,044	1,372	1,854	1,962	1,653	1,966	1,946	1,837	1,298	1,192	1,025	1,031	1088
Radiological Protection Institute of Ireland (Non-Pay)	0	0	0	0	0	0	0	0	0	0	1,078	1,078	582	0	0	0
Regional Waste Management Planning	0	0	0	0	0	0	0	0	0	0	0	0	0	422	300	800
Water Quality	0	151	194	178	79	337	498	401	493	4,323	4,149	445	0	0	0	0
Environmental Levy Collection Costs	1,829	346	375	481	237	388	392	397	400	399	402	399	399	398	394	400
Pollution Control/Air Climate	0	172	332	137	240	334	299	129	366	144	109	206	147	171	101	1201
Nuclear Safety	0	0	0	0	0	0	0	0	0	1,395	1,526	0	100	0	15	50
Other *	1	586	688	1,099	1,362	1,447	14,313	2,897	2,799	549	581	313	523	353	679	997
Remediation of Landfill/Illegal Sites	0	0	0	0	0	0	0	0	0	6,111	4,120	0	0	0	0	0
<b>Total Expenditure</b>	<b>3,932</b>	<b>18,771</b>	<b>49,186</b>	<b>42,185</b>	<b>40,366</b>	<b>56,798</b>	<b>79,584</b>	<b>56,040</b>	<b>64,456</b>	<b>84,471</b>	<b>70,732</b>	<b>55,561</b>	<b>46,221</b>	<b>46,291</b>	<b>35,162</b>	<b>37,633</b>
<b>Surplus/(Deficit) for the Year</b>	<b>24,365</b>	<b>23,544</b>	<b>-6,251</b>	<b>4,013</b>	<b>11,769</b>	<b>928</b>	<b>-18,166</b>	<b>-278</b>	<b>-4,072</b>	<b>-21,897</b>	<b>-5,018</b>	<b>2,623</b>	<b>251</b>	<b>-201</b>	<b>21,685</b>	<b>-6,632</b>
Accumulated Surplus at 1 January	0	24,365	47,909	41,658	45,671	57,440	58,368	40,202	39,924	35,852	13,955	8,937	11,560	11,811	11,610	33,294
<b>Accumulated Surplus at 31 December</b>	<b>24,365</b>	<b>47,909</b>	<b>41,658</b>	<b>45,671</b>	<b>57,440</b>	<b>58,368</b>	<b>40,202</b>	<b>39,924</b>	<b>35,852</b>	<b>13,955</b>	<b>8,937</b>	<b>11,560</b>	<b>11,811</b>	<b>11,610</b>	<b>33,295</b>	<b>26,662</b>

<b>*Other: Expenditure on other initiatives</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>						
Waste Databases	0	0	0	0	0	0	0	0	0	0	0	0	0	99	0	0
National Economic and Social Council	0	0	0	0	0	0	0	0	0	0	94	95	79	86	50	100
Tidy Towns	0	0	0	0	0	0	0	0	0	58	58	59	62	62	21	0
Environmental International Sustainability	0	0	0	0	0	12	98	60	81	71	79	60	60	60	62	147
Producer Responsibility Initiatives	1	234	62	541	408	906	3,526	2,185	389	0	212	35	294	33	63	70
Reform of Household Waste Regulation	0	0	0	0	0	0	0	0	0	0	0	0	4	11	0	0
Information Exchange and Awareness North/South Waste Management Programmes	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0
	0	1	84	342	602	0	724	0	0	0	0	0	15	0	482	650
North/South Environmental Initiatives	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
CO2 Reduction in Non-Domestic Buildings	0	0	0	0	0	0	0	0	0	0	17	36	0	0	0	0
Regional Waste Management Plans	0	0	0	0	0	0	0	0	0	0	45	0	0	0	0	0
Stakeholders Forum	0	0	0	0	0	0	0	0	0	0	0	5	0	0	0	0
Sea Lettuce Intervention	0	0	0	0	0	0	0	0	0	258	75	23	9	0	0	30
Comhar - the Sustainable Development Council	0	169	168	103	292	529	539	442	411	153	0	0	0	0	0	0
International review of waste mangt policy	0	0	0	0	0	0	0	160	84	0	0	0	0	0	0	0
Hazardous waste management facilitation	0	0	0	0	0	0	9,362	0	1,800	0	0	0	0	0	0	0
INTERREG Waste Management Projects	0	0	251	93	0	0	0	0	0	0	0	0	0	0	0	0
REACH	0	0	0	14	0	0	0	0	0	0	0	0	0	0	0	0
Waste Infrastructure Consultancy Cost	0	86	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Waste Prevention Operational Costs	0	96	124	7	59	0	65	50	35	11	0	0	0	0	0	0
<b>Total Other</b>	<b>1</b>	<b>586</b>	<b>688</b>	<b>1,099</b>	<b>1,362</b>	<b>1,447</b>	<b>14,313</b>	<b>2,897</b>	<b>2,799</b>	<b>549</b>	<b>581</b>	<b>313</b>	<b>523</b>	<b>353</b>	<b>679</b>	<b>997</b>