



# ENSURING THAT POLLUTERS PAY

## Ireland



In 2019, Ireland's revenue from environmentally relevant taxes was well below the EU average. Environmental taxes stood at 1.41 % of GDP (EU-27 average: 2.37 %). The largest portion of the environmental taxes were the energy taxes at 0.85% of GDP, less than half the EU average of 1.84 %. Transport taxes represented 0.56% of GDP (EU average being 0.45%), taxes on pollution and resources represented only 0.01% (well below the EU average at 0.08%). In the same year, the environmental tax came to 6.2 % of total revenues from taxes and social security contributions (slightly higher than the EU average of 5.76 %).

Ireland was the first EU country to introduce a plastic bag levy. It also taxes landfill.

### Further options

## Waste water charge

According to the European Commission, Ireland has a low compliance rate with the Urban Wastewater Treatment Directive, with 25 non-compliant agglomerations including the capital Dublin. (Environmental Implementation Review of Ireland). The OECD observes that many sewage treatment stations have a poor record on effluent limits and regards the absence of household water charges as an impediment to the development of an efficient water services sector (OECD Environmental Review of Ireland). A waste water charge could be considered to improve this situation, eventually

also improving surface water quality. Modelling suggests that such a charge could raise € 132-181 million in revenue. When revenues are recycled this would lead to a slight increase of 0.028 % of GDP. Employment would also increase slightly with about 0.015% (corresponding to around 34,500 jobs based on employment figures from the Irish Central Statistics Office). Taxes on waste water pollution have been in place since the 1970s in countries such as NL, DE and FR and are straightforward to put in place.

## Intensive grazing tax

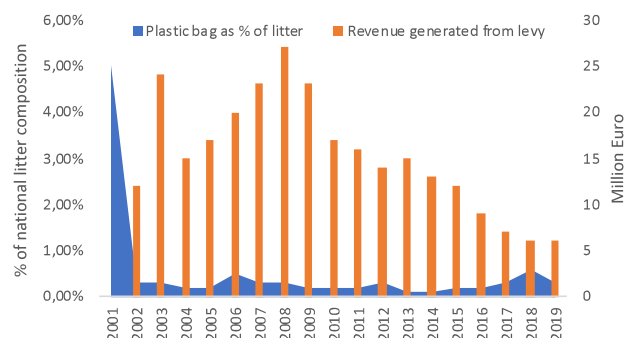
In order to reduce damage to habitats from overgrazing, Ireland could consider introducing an intensive grazing tax to incentivise better management of livestock. Such a tax could be levied on intensive agriculture (livestock farmers with high stocking densities) and revenues could be recycled to support the very extensive grazing needed

on Natura 2000 areas. Modelling suggests that such a tax could raise a revenue of €182 million in 2030. When the revenues are reinvested into the agriculture sector or recycled as income tax reductions, the measure could lead to very small net positive effects on GDP.

### Examples of economic instruments

## PLASTIC BAG LEVY

The Ireland plastic bag levy (tax) was introduced in 2002, charging shoppers €0.15 per plastic bag at the point of sale in retail outlets. Plastic bags constituted approximately 5% of national litter at the time of the implementation of the levy, yet such pollution was persistently visible throughout Ireland. As such, the levy was introduced to change consumer's behaviour from using disposable shopping bags to using more durable, reusable bags.



The revenues generated from the levy are managed by the Department of Communications, Climate Action and Environment, with proceeds fed into the Environment Fund. The Fund finances waste management, litter and various other environmental protection schemes.

In 1999 the Ministry of Environment commissioned a report to explore options to reduce plastic litter. The report led to an amendment to the Waste Management Act to support the introduction of a €0.15 levy placed on downstream actors.

The levy has worked well, leading to a fast and strong reduction in percentage of plastic bags in total waste. A slight increase in plastic bag usage between 2004-2006 led to the levy fee being increased to €0.22 cents in 2007.

A key success of the levy was the extensive consultations that took place with industry representatives and retailers throughout the implementation. Retailers noted that they would be negatively viewed by the public and seen as 'profiteering' from the introduced levy, therefore the Department of the Environment introduced a publicity campaign to explain that the levy was deployed to combat plastic pollution.

For the collection, enforcement and administration of the levy to run smoothly, it has been essential to have the support from the Minister of Finance and of local authorities.

Ongoing consultations are taking place currently – gathering views from actors on the suitability of increasing the levy charges, identifying any potential challenges to legislative changes and identify potential impacts of changes to the levy. Furthermore, the consultations are also analysing the options for implementing similar levy's to tackle additional plastic waste, such as disposable coffee cups.



# LANDFILL TAX

The Irish Landfill Levy was introduced through the Waste Management Regulation of 2001 in response to the EU Landfill Directive (1999/31/EC) and due to the estimation that landfill sites were due to reach their capacity by 2020. The levy fee has been successively adjusted since 2001, with the latest iteration stipulating a levy of €75 per tonne. The cost of the levy is passed onto households through an increased waste collection charge, in order to incentivise waste reduction from households.

The introduction of the landfill levy has been noted as reducing the overall landfilling of waste in Ireland, yet other factors such as increased material recovery and developments in the international market of secondary materials can also be attributed to lower landfill volumes taking place. The levy has improved

the recycling and performance within Ireland, and additional complementary levies are scheduled for introduction in 2021 in a bid to further increase municipal waste recycling (the waste recovery levy).

Meanwhile, the government has required private waste companies to offer incentivised pricing options to ensure households produced less waste.

Following the implementation of the Levy, the Minister extended and altered the powers of local authorities through the Protection of the Environment Act (2003). This Act in essence allowed local authorities to charge for waste services, and further incentives for households to reduce their waste. Since then, regular public consultations have taken place to scope the feasibility of further increases to the rate of the Landfill Levy.



# Key stakeholders

## Academics

Key literature – Frank Convery, lead author of the paper “Convery, F., McDonnell, S., & Ferreira, S. (2007). The most popular tax in Europe? Lessons from the Irish plastic bags levy. Environmental and resource economics, 38(1), 1-11.”, can be contacted through the University College Dublin here: <https://www.ucd.ie/envpolicy/people/>

A key paper which analyses the timeline of the Landfill Levy in Ireland is “Quinn, M., & Feeney, O. (2020). Domestic waste policy in Ireland–economization and the role of accounting. Accounting, Auditing & Accountability Journal.”. The lead author, Martin Quinn (Queen’s University Belfast) can be contacted here <https://pure.qub.ac.uk/en/persons/martin-quinn>

## NGOs

NGOs actively involved in combating plastic waste in Ireland include:

‘Sick of Plastic’ Campaign, Friends of the Earth and VOICE- Ireland. <https://www.foe.ie/sickofplastic/>

<https://voiceireland.org/news/post.php?s=2018-10-24-the-battle-against-plastic>

The predominant NGOs involved in issues including waste are the coalition group ‘The Environmental Pillar’ . The group and respective constituents can be found here <https://environmentalpillar.ie/contact/>

## Other links

National Litter Pollution Monitoring System- developed by the Department of the Environment, Climate and Communications (DECC) and Tobin Consulting Engineers. Available here: <https://litter.ie/#>

Government of Ireland (2020), Public Consultation on the Proposed Introduction of New Environmental Levies, Available at: <https://www.gov.ie/en/consultation/f9429-public-consultation-on-the-proposed-introduction-of-new-environmental-levies/>

The Irish Times (2002) New landfill levy now in force to deter illegal dumps, encourage recycling. Available at: <https://www.irishtimes.com/news/new-landfill-levy-now-in-force-to-deter-illegal-dumps-encourage-recycling-1.1059251>

The Irish Times (2019) New levy on disposable coffee cups to be announced. Available at: <https://www.irishtimes.com/news/ireland/irish-news/new-levy-on-disposable-coffee-cups-to-be-announced-1.4073548>



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