

Snipping Away at Sustainability

The An Bord Snip Nua Report and the case for a Sustainability Impact Assessment

1. Introduction

Comhar SDC accepts the Government's analysis of the scale of the problem in the public finances and the need to close the gap between public expenditure and revenue generation. The report of the special group chaired by Colm McCarthy (An Bord Snip Nua) provides a very useful audit of public expenditure upon which proposals for expenditure reduction can contribute to stabilisation of the public finances. While cutting public expenditure must be an essential element in reducing and eliminating the gap between public expenditure and revenue generation, this alone does not offer a solution for the economic and fiscal crisis facing Ireland. Elsewhere, Comhar SDC has made the case for a stimulus package focused on Green New Deal and the Smart Economy. This paper, however, focuses on public expenditure reduction in a way that does not damage Ireland's sustainability. Given the economic situation we should be identifying areas where public expenditure and subsidy can be cut, however we need to do this while achieving a reduction in greenhouse gas emissions and increasing our productivity.

Comhar SDC wishes to make a constructive input to these difficult decisions and in this report we make the case for a Sustainability Impact Assessment (SIA) so that policies are based on evidence of short term and long term benefits as well as cost effectiveness. The analysis undertaken by the special group only had to consider a small number of economic criteria including the necessity of the provision of the service by the public sector. The remit was to identify reductions in public expenditure, not to examine the impact of those recommendations on society or the environment. The expert opinion contained in the report, while important, also needs to be combined with impact assessment to enable a systematic evaluation of potential impacts to form the evidence base for decisions before the Government selects and implements options.

The absence of economic evaluation of the benefits of environmental policies is a major difficulty in evaluating the proposals in the An Bord Snip Report. Decisions taken now could easily lead to unintended outcomes that have the potential to cost more in the long run. Ireland will have to meet a range of challenging European targets on energy and climate, as well as biodiversity, at a time when people's main concern is the economy. The economy must undergo a transition away from dependence on fossil fuels and inefficient use of natural resources. The choice is whether we do so strategically to gain maximum economic, social and environmental benefits or wait until the eleventh hour, and meet our obligations in a reactive way that costs more and delivers fewer benefits.

The An Bord Snip Nua report contains recommendations for reduction in expenditure in areas where this may affect Ireland's ability to meet the binding targets of European Directives. Failure to achieve compliance will lead to infraction proceedings and the prospect of fines. Comhar SDC believes the aim must be to strike the balance between short term and long term benefits and identify those cases where reductions in public expenditure will bring a short term gain to the exchequer at a higher cost in the long term.

There is a clear need to carry out a Sustainability Impact Assessment of the proposals under consideration by Government. While it is the responsibility of Government to carry out such assessments, they are by nature inclusive of key stakeholder views. Therefore Comhar SDC in its role as an advocate for sustainable development wishes to make a constructive contribution by proposing practical options for carrying out such an assessment which will lead to more informed decisions on the wider and longer term impacts of the necessary cuts in public expenditure.

2. Key proposals that should undergo Sustainability Impact Assessment

Comhar SDC acknowledge that it is unlikely that all the proposals will be able to go through SIA however there are groups of proposals clearly linked to the EU directives and targets that could be assessed as the potential impacts of not doing these can be identified including:

- The potential for infraction proceedings
- The potential costs of dealing with ECJ cases

In recent years, dealing with ECJ cases has taken priority over planned work programmes particularly in natural heritage and the environment which has impacted on the ability to deliver national strategies and implement policies. The decreasing capacity in the public sector will also mean a decreased capacity to deal with these cases while delivering on current commitments. Ireland has challenging targets to meet on climate change and energy use and transport has been the fastest growing source of greenhouse gas emissions. Comhar SDC proposes that SIA should be undertaken for proposals in abolition of programmes that have the potential to impact on EU targets as a priority.

Key proposals in the An Bord Snip Nua report that should undergo an SIA as they may lead to unintended longer term costs include:

- Transport. There are proposals to discontinue the school transport scheme, rural transport programme and green schools initiative, which all facilitate changes in transport behaviour and modal shift. The alternative given in the report is primarily private car travel which will increase car travel and transport greenhouse gas emissions from private cars when decreasing private car use, car dependency and transport greenhouse gas emissions are the current policy objectives.
- Energy. The termination of energy efficiency and energy awareness schemes may have the unintended effect of increasing fuel poverty and reducing the pace of efficiency gains. The report states that a carbon tax will have the same results; however a carbon tax on its own will not deliver the required reductions. Undertaking a SIA may enable a more considered approach to be taken such as funding schemes that result in action rather than just increased awareness.
- Biodiversity. Many of the recent ECJ cases have related to the Habitats Directive and a reduction in the capacity of NPWS at this time will reduce the ability to take the actions necessary to prevent further ECJ cases.
- Environment Fund. Eliminating hypothecation and redirecting the proceeds of the Environment Fund to central exchequer funding could severely hamper implementation of environmental policy objectives and delivery of environmental infrastructure.
- Procurement. Procurement has an important role to play in supporting the transition to a low carbon, resource efficient society. SIA can be used to optimise the proposal so that the opportunities offered by reform are realised. The National Public Procurement Operations Unit could advance green procurement, the use of guidelines by Government Departments and procurement that correctly values the (as yet unpriced) greenhouse gas emissions saved; as well as delivering financial savings supporting the Governments smart economy objectives.

3. Impact assessment and better regulation

Ex-ante assessment of policy options allows Government to identify the potential effects of decisions before they are taken and the most attractive implementation paths for policy proposals.

There is urgency to implement cost saving policies and measures given the size of the deficit in the public finances but there needs to be a balance between timely actions and proper consideration of the consequences of the reduction in expenditure in both the short and longer term. The current guidance on Regulatory Impact Analysis¹ states that a full RIA will be conducted where any one of the following applies:

- There will be significant negative impacts on national competitiveness.
- There will be significant negative impacts on the socially-excluded or vulnerable groups.
- There will be significant negative impacts on the environment.
- The proposals involve a significant policy change in an economic market.
- The proposals will impinge disproportionately on the rights of citizens.
- The proposals will impose a disproportionate compliance burden.
- The costs to the Exchequer or third parties are significant – initial costs of €10 million or cumulative costs of €50 million over 10 years.
- The proposals are politically significant or sensitive.

The guidelines also emphasise that the greater the importance or significance of the proposal, the more analysis will be required. They also allow for a judgement call for officials involved in preparing the RIA as to the level of its significance based, amongst other things, on the economic or social importance of the proposals and whether they are likely to be controversial. However a number of headings are given under which the potential for significant impacts to exist should be considered. These include national competitiveness, the socially excluded and vulnerable groups and the environment. The An Bord Snip Nua proposals clearly have the potential to impact on the environment, in particular climate change mitigation and adaptation and natural heritage and biodiversity as well as socially excluded and vulnerable groups. The guidelines clearly state that a formal Cost Benefit Analysis is required in the case of the most significant proposals.

Where significant negative environmental impacts are identified under any of the environment headings, a more detailed RIA should be conducted. In determining the significance of impacts, the guidelines state that consideration should be given to:

- The overall risks to environment and human health.
- The probability, duration, frequency and reversibility of the impacts.
- The magnitude and spatial extent of the impacts (geographical area and size of population affected).
- The cumulative nature of the impacts.
- Transboundary pollution risks.
- The effects on areas, landscapes or species which have a recognised national or international protection status, particularly those designated SPAs, SACs and/or protected sites as part of the EU-wide Natura 2000 Network.

RIAs often involve environmental and social issues but their main objective is the evaluation of the costs and benefits for businesses and citizens in complying with proposed regulations. They extend beyond a sectoral evaluation but they cannot be regarded as a fully comprehensive sustainability assessment. Therefore there is the need to carry out SIA and the distinction between a RIA and SIA and where they fit in the overall policy assessment system is shown in Figure 1.

¹ Department of the Taoiseach (June 2009) Revised RIA Guidelines. How to conduct a Regulatory Impact Analysis. Department of the Taoiseach, Government Buildings, Dublin.

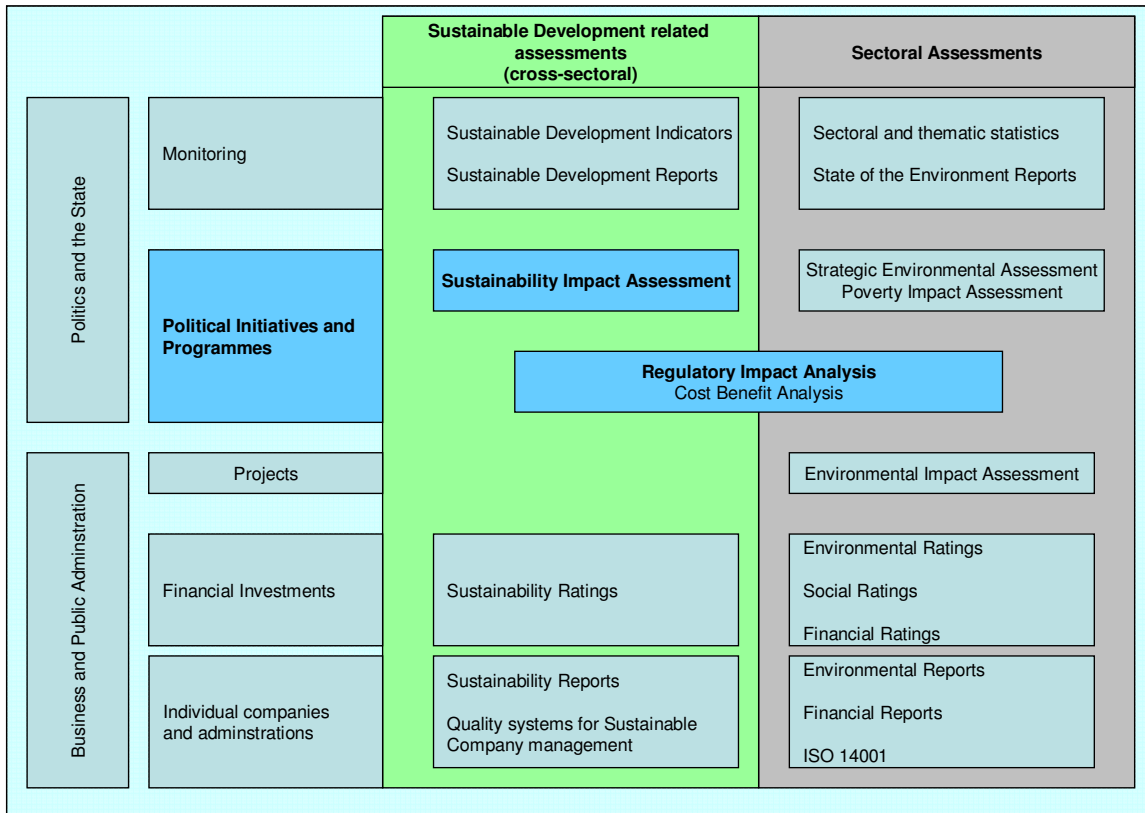


Figure 1: Sustainability Impact Assessment in the context of an overall evaluation system (adapted from ARE (2008)²).

The definition of a Sustainability Impact Assessment used by Comhar SDC is a “systematic and iterative process for the ex-ante assessment of the likely economic, social and environmental impacts of policies, plans, programmes and strategic projects, which is undertaken during the preparation of them and where the stakeholders concerned participate pro-actively. The main aim is to improve the performance of the strategies by enhancing positive effects, mitigating negative ones and avoiding that negative impacts are transferred to future generations” (Arbter, 2003)³.

Sustainability assessments are an instrument for assessing the sustainability of political initiatives and are defined by the following characteristics:

- Assessment of economic, environmental and social impacts
- Identification of synergies and trade offs across domains
- Examination of long term and intergenerational effects
- Open, inclusive and transparent processes

Therefore the key differences between a SIA and other more commonly used assessments such as RIA, CBA and SEA relate mainly to the impacts assessed and the aim of the assessment.

² ARE (Federal Office for Spatial Development) (2008) Sustainability assessment: Guidelines for federal agencies and other interested parties. Available from <http://www.are.admin.ch/themen/nachhaltig/00270/03005/index.html?lang=en>

³ Arbter, K. (2003) “SEA and SIA – Two Participative Assessment Tools for Sustainability”, Paper presented at the EASY-ECO 2 Conference, Vienna, 15-17 May 2003, http://www.wu-wien.ac.at/inst/fsnu/easy2/papers/a2_arbter.pdf.

4. What are the benefits of undertaking a Sustainability Impact Assessment?

A SIA is an integrated assessment tool and undertaking an SIA will benefit the decision making process, particularly in the following areas⁴⁵⁶:

- Good governance: recognition of the inter-dependency of policy fields (based on government strategies and strategic management) and informed decision-making by addressing potential implications of planned actions at an early stage.
- Policy integration: focusing on the integration of different policies, identifying synergies but also potential conflicts or trade-offs between policies and ways to overcome them.
- Transparency: making the decision-making process more open and transparent, identifying underlying assumption, motivations, interests, etc.
- Participation: inclusion of stakeholders in assessment process, room for political discussion of different points of view, policy learning and building capacities.
- Efficiency: ensuring that objectives of policies, plans, programmes and projects are met at the least costs, avoiding unnecessary bureaucracy, etc.

Therefore undertaking a SIA will help identify how to optimise the proposals for reductions in public expenditure with regard to sustainability or at least identify the likely outcomes which can feed into future planning. Given the politically sensitive nature of many of the proposals contained in the An Bord Snip Nua report, undertaking SIA for key proposals will also bring benefits in terms of public and stakeholder acceptance.

5. Undertaking a Sustainability Impact Assessment

The European Commission Impact Assessment Guidelines⁷ suggest a three step analysis. The first step is to identify those impacts that are likely to occur as a consequence of implementing a policy. This analysis should build on a causal model which links the causes (action, instrument, etc) to the effects (impacts). The second step is the identification of the most significant impacts. This will involve the use of a causal model and a qualitative process of description (likelihood, magnitude of each impact) or an impact matrix (action according to their short-, medium- and long-term impacts). The third and last step is the advanced analysis of impacts which can be qualitative (e.g. case studies, scenario approach) or quantitative (based on indicators) or a combination of both.

While SIA methodologies developed by different countries and organisations including the OECD vary in the details, there are some elements of the process common to all:

- The SIA process includes stakeholders and is transparent.
- The subject of the SIA is clearly specified from the outset along with establishment of the need for the assessment and the scope of the process.
- The analytical tools are selected along with the criteria for assessing economic, social and environmental impacts.

⁴ Ecologic et al. (2007) Improving Assessment of the Environment in Impact Assessment, Final Report, Project No. ENV.G.1/FRA/2004/0081, http://www.ecologic-events.de/eu-impact-assessment/en/documents/Env_in_IA_final.pdf.

⁵ Pope, J. (2003) "Sustainability Assessment: What is it and how do we do it", Institute for Sustainability and Technology Policy, Murdoch University, Australia <http://www.sustainability.dpc.wa.gov.au/conferences/refereed%20papers/Pope,J%20-%20paper.pdf>.

⁶ Berger, G. (2007) Sustainability Impact Assessment: Approaches and applications in Europe. European Sustainable Development Network Quarterly Report June 2007.

⁷ European Commission (2005) Impact Assessment Guidelines, SEC (2005), 791, http://ec.europa.eu/governance/impact/docs/SEC2005_791_IA%20guidelines_annexes.pdf.

- Potential conflicts across the economic, social and environmental domains are identified and mitigation measures proposed for negative impacts.
- The SIA results and options for implementation are presented to policy makers in a clear and understandable fashion.

However, many of the SIA assessment tools are too resource intensive, complicated and time consuming to apply on a regular basis. Governments generally do not have the budgets, time or expertise to apply these tools in ex ante assessments of the sustainability of all their proposed policies. This is particularly relevant given the pressing need to make decisions on reductions in public expenditure for the next budget.

However Comhar SDC believes that for some key proposals the benefits of undertaking a SIA are clear. The Swiss Federal Government have devised a methodology of ranking the potential positive and negative impacts of policies on a checklist of economic, environmental and social criteria using both qualitative judgments and quantitative data. The potential severity or extent of impacts can be indicated and conflicts between domains easily identified. An excel tool has been developed based on fifteen agreed economic, environmental and social criteria which is freely available to use⁸. The Swiss methodology takes approximately 3-7 days to carry out an outline assessment using the excel tool. Comhar SDC proposes that this may be a way to quickly analyse the potential impact of key An Bord Snip Nua proposals.

6. Conclusions

In conclusion, there is a clear case for undertaking a SIA of the proposals contained in the An Bord Snip Nua report so that proposals where reductions in public expenditure will bring a short term gain to the exchequer at a higher cost in the long term and have serious negative impacts on sustainable development can be identified. Comhar SDC recognises that it may not be feasible to undertake an SIA for all proposals given the time frame, so the initial focus should be on proposals that clearly have the potential to negatively impact on key policy objectives such as climate change. There is also a clear case for identifying opportunities such as reform of procurement where the potential exists to advance multiple policy objectives and SIA is a useful way of optimising proposals to maximise benefits from these opportunities.

⁸ SIA excel tool can be downloaded from <http://www.are.admin.ch/themen/nachhaltig/00270/03005/index.html?lang=en>