



Consultation on the EU Just Transition Fund and the development of a draft Territorial Just Transition Plan

SUMMARY:

A SUBMISSION AS PART OF THE CONSULTATION ON THE EU JUST TRANSITION FUND AND THE DEVELOPMENT OF A DRAFT TERRITORIAL JUST TRANSITION PLAN. TO BE READ IN CONSULTATION WITH PREVIOUSLY SUBMITTED, PARLIAMENTARY QUESTIONS, LEGISLATIVE AMENDMENTS DÁIL CONTRIBUTIONS AND MY LEADER'S QUESTIONS DEBATE ON THIS ISSUE.

Carol Nolan TD

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A chara,

I am happy to make the following submission as part of the consultation on the EU Just Transition Fund and the development of a draft Territorial Just Transition Plan. For the sake of brevity, my observations will tend to be at the macro rather than the micro level. I feel this is appropriate as I am sure you are aware, I have repeatedly made my position clear on the Just Transition process over the last number of years through numerous Dáil contributions, Parliamentary Questions, legislative amendments and a Leaders Questions debate.

Overview of Concerns

The matter of the draft Territorial Plan is an issue that I have been pursuing since at least June 2020 when I was informed by former Minister for the Environment, Richard Bruton, that ‘work was underway’ in developing the plan that would enable Ireland to access €84 million from the EU Just Transition Fund.

It was subsequently confirmed to me in reply to a Parliamentary Question of July 2021 that the Department was being supported to develop the Territorial Plan through technical assistance under the European Commission’s Structural Reform Support Programme.

As I understand it, consultants were also selected by the Commission to assist in developing an evidence base to inform the selection of investment priorities for inclusion in the Territorial Plan and they had extensive engagements with national and regional stakeholders to inform their work, including the Just Transition Commissioner, the Midlands Regional Transition Team, Local Authorities, Regional Assemblies, ICTU, BnM, ESB, relevant Government Departments, NESC, IDA, Enterprise Ireland, Solas and the Education and Training Boards.

Despite this level of engagement, I remain deeply concerned by the entire policy trajectory of the Just Transition process and have significant concerns in particular around the levels of full-time, accessible and sustainable employment that will emerge at the end of this process as well as the number of jobs that will be lost during its implementation.

I also share the serious concerns that have been expressed to me around how this process will impact the work of local authorities within the constituency and specifically their capacity to deliver project creation targets.

Funding Distribution

Indeed, on this latter point, following a meeting with Offaly County Council, June 21st 2021 on the topic of *Delivery of National Just Transition Funds Projects - EU Just Transition Territorial Plan & Offaly* it was made clear to me by the Cathaoirleach and the Chief Executive of Offaly County Council, and the Corporate Policy Group of the Council that the following issues required urgent consideration:

- Delivery of National Just Transition Fund Projects
 - o That it was almost 12 months since applications were made for funding and 6 months since the announcement of successful projects. Despite this, only 30% of the Strand 2 projects (€27.8m - 47 projects in total) had received their final offer from the Department of Environment, Climate and Communications (DECC). There were still many Strand 2 projects which were not yet finalised (70%) and therefore not at contract stage.

I was also informed by the Local Authority that all of these projects were prepared, to be completed within 3 years of receiving funding, and no later than 31 December 2023.

At that stage, and in particular for the outstanding Strand 2 projects, questions of delivery within these terms of conditions were starting to emerge, thus an extension of drawdown was needed to ensure projects were allowed the full 3-year timeframe for delivery.

I understand that this issue has been raised with DECC.

It also emerged from the meeting referenced above that a number of projects have encountered difficulties in accessing match funding.

From the Councils perspective this situation arising in Offaly again raises questions of the viability of these projects.

I was told that DECC had informed relevant applicants that, without the secured match funding in place, the delivery of these projects cannot commence. This created frustrations among the Communities involved who were enthusiastic at the beginning of the process.

It was also indicated to me that Offaly County Council is not in a position to provide direct funding to any Just Transition Fund Project for match funding and that it was seeking any and all interventions that could expedite the finalisation of these outstanding projects with DECC and provide solutions of match funding, for communities in particular to ensure that those communities in Offaly, who have been the most impacted, can see their most needed projects delivered.

From my engagement with the Council on the specific issue of the EU Territorial Plan and as per consensus at our meeting, and in line with European Commission's document (Annex D: Investment guidance on Just Transition Fund 2021-2027 for Ireland), support was also requested to ensure that access to this EU fund is given priority to the most affected counties in the Midlands and Offaly in particular as the most impacted County.

This is a point I have made on a number of occasions. In fact, in January I made it clear to Minister Ryan that he must provide specific and concrete assurances that any future funding

that may be drawn down and shared out as part of the EU Just Transition Fund will not end up with the constituency experiencing any further economic disadvantage.

This public statement was made after I had received confirmation that the Departments draft Territorial Just Transition Plan will seek to have EU Commission funding of up to €84 million dispersed between East Galway, North Tipperary, Longford, Laois, Offaly, Westmeath, West Kildare and Roscommon.

I made the point at the time that the fact that the entire Midlands region has been adversely impacted by the decarbonisation strategy is a fact that no one can doubt.

But what is equally without doubt is the fact that Offaly has been particularly hard hit by the escalated 'Just Transition' process, ESB closures and indirect job losses. The recognition of this fact demands a proportionate response in terms of future funding.

Minister Ryan has stated that the draft plan is aligned with the EU's vision and with the 'territorial coverage' of the national Just Transition Fund.

What I am emphatically suggesting however is that the funding distribution should be targeted to those areas that have experienced the greatest level of negative economic impact rather than on territorial coverage per se.

It is vital that we get the balance right at the outset of this entire consultation process, as difficult as that will be to achieve.

I am aware that this has been the subject of debate at EU level and has already been identified as one of the key challenges in the process of designing the Just Transition Fund and how it would be distributed among the EU Member States.

As we are all aware, the JT Fund primary aim is to provide support to all EU Member States, while concentrating on those territories and regions where the magnitude of the transition is larger.

As I understand it, the allocation method is based on objective and clear criteria aimed at mitigating the socio-economic impact in the regions and sectors most affected by the transition due to their reliance on fossil fuels or energy intensive industries.

No where is this more applicable than County Offaly which it is expected will bear the major brunt of the job losses (approx. 53%) associated with the JT process. That much is clear for all to see.

Additional Concerns

The Just Transition process clearly cannot be separated from the Government's wider carbon mitigation and reduction strategy and the EU Green New Deal.

According to one Oireachtas analysis-meeting Green New Deal targets will require significant investment and behavioural change across a number of sectors including energy supply, transport, agriculture, industry and the built environment. It is therefore vital that no one is left behind remains a key policy priority at a national and EU level

I would note in particular the astronomical costs associated with the implementation of the Climate Action and Low Carbon Development (Amendment) Bill 2021.

It remains my view that this legislation is regressive and will only compound the difficulties of counties like Offaly who will certainly bear the brunt of the JT process.

In fact, as you will be aware, the idea of a ‘Just Transition’ merited only a single mention in a 7,000-word document in the Climate Action and Low Carbon Development Bill 2021.

What is even more alarming is that the International Monetary Fund (IMF) has confirmed through its own analysis that the cost of implementing the Government's Bill will cost €20 billion each year until 2030.

That is €180 billion at a minimum and all of this for a Bill that explicitly de-prioritises employment. Such an approach remains incomprehensible to me.

I would also note the recent data produced by the Oireachtas Library and Research Service highlighting the impact of Ireland targeting having net zero green emissions by 2050.

It was observed with respect to this that the effect of climate policies on inflation and exchequer spending is likely to increase over time and that climate policy when implemented through either increased taxes or reduced subsidies, would increase inflationary pressures, especially for fuel.

There are also concerns that climate change policy may be far more expensive in future than projections currently budget for.

The L&RS also observe that while much of long-haul shipping makes use of long-term contracts to fix prices, the container freight price index is currently up to ten-fold higher in comparison to pre-2020 prices. This means that the cost of freight transport may increase with climate change mitigation policies.

Public Confidence

Finally, I wish to express my view that there is currently a profound sense of disconnect between the Government's assessment of the importance of the overall Just Transition process and the public view of what should be a priority for Government in terms of policy.

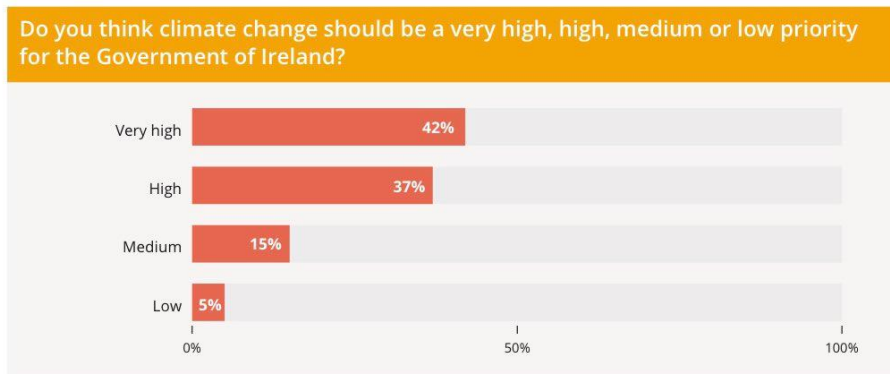
The recent Environmental Protection Agency Report ‘Climate Change in the Irish Mind’ stated the following:

II Climate Policies


6 Climate Change as a Government Priority

6.1 Most people in Ireland say climate change should be a priority for the Government of Ireland.

More than three in four people in Ireland (79%) say climate change should be either a “very high” (42%) or “high” (37%) priority for the Government of Ireland. Few residents (5%) say climate change should be a “low” priority.



Meanwhile, an Ireland Thinks/Sunday Independent survey conducted within a week of the EPA survey revealed a strikingly different view:

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Q. “Which of the following issues should be the *two* most important priorities to deal with...?”

- Cost of Living: 56% (+28)
- Housing: 55% (+11)
- Healthcare: 31% (-2)
- Climate Change: 13% (-2)
- Government Corruption: 11% (-3)

In addition to this, the Edmund Burke Institute has found that the vast majority of the public (79%) believe that the Government is not doing enough to ensure a steady supply of

affordable energy and again, that figure rises to roughly 95% of the population when we strip out those who say they are ‘unsure.’

85% of the public said they did not believe that the Government was doing enough to protect the most vulnerable from increases in the price of electricity and heating. That figure rises, if only taking those who had an opinion, to roughly 95%.

What should really give Government pause however in the context of this submission is that only 9% of those polled by the EBI said that they thought the current Government had a realistic plan in place to hit their 2030 climate goals.

All of above creates a very real series of difficulties around the viability and the public buy-in to the Just Transition process.

My enduring concern is that Government has escalated the process far too quickly without any meaningful consideration of the devastating impact this has had and will continue to have for counties like Offaly and Laois.

It is my view that unless the Territorial Plan produces a substantial and immediate high-volume job creation strategy it will merely continue a process that has disregarded the economic and social and heritage impact of the entire of the Just Transition strategy to date.

Is mise le meas,

Carol Nolan.



Independent TD for the Constituency of Laois Offaly

Member of Oireachtas Committee on Standing Orders & Dáil Reform

Member of the Oireachtas Committee on Education, Further and Higher Education, Research, Innovation and Science