

# **Standard Report on Methods and Quality for Fossil Fuel and Similar Subsidies**

This documentation applies to the reporting period:  
**2012-2016**

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# 1 Overview

The UN System of Environmental-Economic Accounting (SEEA) is a statistical system that brings together economic and environmental information into a common framework to measure the condition of the environment, the contribution of the environment to the economy, and the impact of the economy on the environment. The SEEA contains an internationally agreed set of standard concepts, definitions, classifications, accounting rules and tables to produce internationally comparable statistics.

Eurostat has developed a series of legal and voluntary environmental accounts modules based on the SEEA. The CSO has published statistical releases on the Eurostat Environmental Taxes and Environmental Subsidies and Similar Transfers modules. This new release complements those two releases as it enables users to compare the amount raised through environmental taxes with the amount spent on environmental subsidies and on potentially environmentally damaging subsidies. The data in this release will be used to complete a new Eurostat questionnaire on potentially environmentally harmful subsidies.

This new CSO release provides data for Sustainable Development Goal (SDG) 12.

Target 12.c Rationalise inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimising the possible adverse impacts on their development in a manner that protects the poor and the affected communities.

Indicator 12.c.1 Amount of fossil-fuel subsidies per unit of GDP (production and consumption) and as a proportion of total national expenditure on fossil fuels.

The OECD<sup>1</sup> defines a subsidy as the result of a government action that confers an advantage on consumers or producers, in order to supplement their income or lower their costs. A subsidy is a potentially environmentally damaging subsidy (PEDS) if it is likely to incentivise behaviour that could be damaging to the environment.

The OECD definition includes:

- Direct subsidies and similar transfers
- The provision of goods and services by government departments or agencies
- Market price interventions by government
- Tax expenditures such as tax rebates and reduced tax rates for specific sectors of the economy or on particular goods or services.

Tax expenditures are estimated using the revenue foregone method.

Data are obtained through a combination of administrative data sources and estimates of revenue foregone. PEDS are classified as direct or indirect supports, and as supporting particular activities that have been identified as having environmentally harmful effects. Data are provided for the years 2012 to 2016.

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<sup>1</sup> Organisation for Economic Cooperation and Development.

## **2 General Information**

### **2.1 Statistical Category**

Potentially environmentally damaging subsidies are economic transactions that result from a government action that confers an advantage on consumers or producers, in order to supplement their income or lower their costs. A subsidy is a potentially environmentally damaging subsidy if it is likely to incentivise behaviour that could be damaging to the environment.

### **2.2 Area of Activity**

Environment accounts.

### **2.3 Organisational Unit Responsible, Persons to Contact**

The Environment division of the CSO is responsible for compiling and publishing data on Potentially Environmentally Damaging Subsidies.

Clare O'Hara 01-498 4208  
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### **2.4 Objectives and Purpose; History**

Eurostat has developed a series of legal and voluntary environmental accounts modules based on the SEEA. The CSO has published statistical releases on the Eurostat Environmental Taxes and Environmental Subsidies and Similar Transfers modules. This new release complements those two releases as it enables users to compare the amount raised through environmental taxes with the amount spent on environmental subsidies and on potentially environmentally damaging subsidies. The data in this release will be used to complete a new Eurostat questionnaire on potentially environmentally harmful subsidies.

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Target 12.c Rationalise inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimising the possible adverse impacts on their development in a manner that protects the poor and the affected communities.

Indicator 12.c.1 Amount of fossil-fuel subsidies per unit of GDP (production and consumption) and as a proportion of total national expenditure on fossil fuels.

### **2.5 Periodicity**

Annual.

### **2.6 Client**

Eurostat, national policy-makers, media, environmental organisations and the public.

## **2.7 Users**

National users include the environment sector, the government, the media, educational institutions and the public. International users include Eurostat, the European Environment Agency and the OECD.

## **2.8 Legal basis**

The data in this release will be used to complete a new, voluntary Eurostat questionnaire on potentially environmentally harmful subsidies.

# **3 Statistical Concepts, Methods**

## **3.1 Subject of the Statistics**

The amount of funding provided under government grant and subsidy schemes, and tax expenditures was collected for the years 2012-2016. Each programme was classified according to whether it was a direct payment or a tax expenditure, as well as according to the type of activity it supports.

## **3.2 Units of Observation/Collection Units/Units of Presentation**

Not applicable.

## **3.3 Data Sources**

Much of the data was collected from the publicly available annual accounts of government departments and organisations, as well as from Revenue. Estimates were made of revenue foregone due to certain tax expenditures.

## **3.4 Reporting Unit/Respondents**

Not applicable.

## **3.5 Type of Survey/Process**

The process involves data collection from annual accounts of government departments and organisations, estimation of certain tax expenditures, and classification according to type of support and activity supported.

## **3.6 Characteristics of the Sample/Process**

See Section 3.5.

## **3.7 Survey Technique/Data Transfer**

Not applicable.

## **3.8 Questionnaire (including explanations)**

Not applicable.

## **3.9 Participation in the Survey**

Not applicable.

### **3.10 Characteristics of the Survey/Process and its Results**

The data will be provided to Eurostat for its new data collection on PEDS, and to the London Group on Environmental Accounting PEDS Task Force.

### **3.11 Classifications used**

#### Type of Support

Direct support

Indirect support

#### Activity

Fossil fuels

Agriculture and Food

Transport

Fishing and Aquaculture

### **3.12 Regional Breakdown of Results**

PEDS are reported for Ireland as a single regional unit.

## **4 Production of the Statistics, Data Processing, Quality Assurance**

### **4.1 Data Capture**

Not applicable.

### **4.2 Coding**

Not applicable.

### **4.3 Data Editing**

Not applicable.

### **4.4 Imputation (for Non-Response or Incomplete Data Sets)**

Not applicable.

### **4.5 Grossing and Weighting**

Not applicable.

### **4.6 Computation of Outputs, Estimation Methods Used**

The outputs of the process are the amounts of funding provided under each programme in each year. In the case of direct supports these data required no further processing. For certain indirect supports, calculations of revenue foregone due to a reduced tax rate on a certain good or service, or for a certain type of industry or activity, were calculated. The revenue foregone approach calculates the reduction in tax revenue, relative to a benchmark, due to the introduction of a tax expenditure, assuming no behavioural change.

#### **4.7 Other Quality Assurance Techniques Used**

Data have been collected for the years 2012-2016 so a time series is available for comparison across years. When possible, estimates have been checked against figures available from parliamentary questions or research studies. The inclusion or exclusion of certain programmes has been compared with the approaches taken in a number of international reports on environmentally harmful subsidies.

## **5 Quality**

### **5.1 Relevance**

The data in this release will be used to complete a new Eurostat questionnaire on potentially environmentally harmful subsidies.

This new CSO release provides data for SDG goal 12.

Target 12.c Rationalise inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimising the possible adverse impacts on their development in a manner that protects the poor and the affected communities.

Indicator 12.c.1 Amount of fossil-fuel subsidies per unit of GDP (production and consumption) and as a proportion of total national expenditure on fossil fuels.

### **5.2 Accuracy and Reliability**

Data are collected directly from government accounts and Revenue using a bottom-up approach. The data are considered to be reliable.

### **5.3 Timeliness and Punctuality**

The data in this release will be used to complete a new Eurostat questionnaire on potentially environmentally harmful subsidies. This questionnaire is expected to be issued in 2019. The data are also published on the CSO website, within 18 months of the end of the reference year.

### **5.4 Coherence**

Data are reviewed in relation to amounts from previous years to assess consistency. When possible, estimates have been checked against figures available from parliamentary questions or research studies. The inclusion or exclusion of certain programmes has been compared with the approaches taken in a number of international reports on environmentally harmful subsidies.

### **5.5 Comparability**

The data will be used to complete the new Eurostat questionnaire on PEDS. They can then be compared with figures from other EU countries.

## **5.6 Accessibility and Clarity**

### **5.6.1 Assistance to Users, Special Analyses**

Background notes are provided with each release on the CSO website.

### **5.6.2 Revisions**

The figures are subject to revision on an ongoing basis. Further potential PEDS, which have not been included in the two release tables, are listed at the end of the Background Notes. These exclusions mainly relate to certain carbon tax exemptions and agricultural capital allowances. Other NACE sectors which receive capital allowances have not yet been identified. The carbon tax exemptions are OECD estimates which have not yet been reproduced by the CSO. The inclusion of all subsidies and sectors in the main release tables in the future is likely to increase the total annual PEDS figure to well above five billion euro.

### **5.6.3 Publications**

The data will be available on the CSO website, as part of a research paper and on the CSO Statbank database, once approval has been received.

### **5.6.4 Confidentiality**

All confidential data are treated in accordance with Part V of the Statistics Act 1993.