



# OUR NATURAL RESOURCES - A KEY ECONOMIC ASSET



# OUR NATURAL RESOURCES – A KEY ECONOMIC ASSET

*“It shall be our duty to promote the development of the Nation’s resources, to increase the productivity of its soil, to exploit its mineral deposits, peat bogs, and fisheries, its waterways and harbours, in the interests and for the benefit of the Irish people.” – Democratic Programme of the First Dáil*

## INTRODUCTION

Ireland is a country which is rich in natural resources. The natural resources of Ireland include natural gas, petroleum, peat, copper, lead, dolomite, barite, limestone, gypsum, silver and some zinc. Industries based on these and other natural resources include fishing, farming, forestry and mining.

Decades of corrupt and bad government have allowed these natural resources to be handed over and exploited by others, including multinational companies. We are not getting the economic value of our natural resources. At a time of economic crisis and budgetary cutbacks, for the State not to be benefiting from its natural resources is a national scandal. Sinn Féin is determined to change this. We have long opposed the manner in which our natural resources have been sold off to the highest bidder. From our accession to the EEC to the disastrous Common Fisheries Policy, Sinn Féin has led the opposition to the giveaway of Irish fish stocks that has seen several hundred billion euro in current values of fish taken from our coastal waters while Irish fishermen only receive a small proportion of the quota.

## SUMMARY OF SINN FÉIN PROPOSALS:-

- a) Reform the current exploration licensing and taxation regime and renegotiate oil and gas contracts. Introduce a policy to ensure that the State would take a 51% shareholding in these resources and introduce an immediate levy of 48% and a royalty of 7.5%.
- b) Establish a State oil, gas and mineral exploration company which would actively participate and invest in exploration.
- c) Plan for strategic public investment in developing the renewable energy sector, including the establishment of a publicly-owned national green technology firm for Ireland that would manage and use the island’s energy resources. We would establish this within 12 months of taking office.
- d) Set a target for becoming a net exporter of electricity from renewable sources.
- e) Keep the ESB and all other public companies in public ownership.

- f) Retain Coillte in state ownership and operate it in a manner that would provide sustainable, long-term growth as well as protecting our environment and natural amenities.**
- g) Negotiate a radical reform of the Common Fisheries Policy to ensure Ireland fairly benefits from resources in the seas off our coasts. Greater resources need to be devoted to combating illegal fishing by non-Irish vessels – this can be done by diverting funds from elsewhere in the Department of Defence budget.**
- h) Oppose the sell-off of state companies.**
- i) The continuation and restoration of turbary rights for domestic turf cutting.**

## **OIL, GAS AND MINERAL EXPLORATION**

The people of Ireland are not benefitting from our oil, gas and mineral resources. This has to change. The experience of Norway and other countries where the mineral exploration sector has become one of the engines of economic growth proves the benefits of State involvement in the natural resources sector. Earnings from oil and gas contribute almost one third of state revenue in Norway. In contrast, the Irish Government has actually surrendered our entire stake in any finds, reduced tax levels, abolished royalties and granted long-term frontier licences. All this has been done at a great financial loss to the people of Ireland and the Exchequer. While our oil, gas and mineral resources have been given away, we still import almost 90% of our energy needs.

Former Fianna Fáil Minister Ray Burke (later jailed for corruption) changed the law in 1987, reducing the State's share in our offshore oil and gas from 50% to zero and abolishing royalties.

In 1992, Bertie Ahern, who was then Fianna Fáil Finance Minister, reduced the tax rate for the profits made from the sale of these resources from 50% to 25%.

The Department of Communications, Energy & Natural Resources estimated in 2006 that there is the equivalent of ten billion barrels of gas and oil in the Rockall and Porcupine basins, off the west coast .

The Dunquin gas field, off the coast of Kerry (currently being developed by Exxon Mobil and others), contains 25 trillion cubic feet of natural gas and 4,130 million barrels of oil.

The Spanish Point field, located 200km off the coast of Clare, has known reserves of one and a quarter trillion cubic feet of gas and 206 million barrels of oil .

There have also been indications more recently that there are around 870 million barrels of oil in the Kish basin off the Dublin coast. This is licensed to a company owned by Tony O'Reilly in a joint venture with a Malaysian company. At current prices that would be worth around €80 billion. The Lough Allen basin, in the North-West, is valued at €75 billion and contains 9.4 trillion cubic feet of gas and 1.5 billion barrels of oil. In recent weeks, Minister of State with Responsibility for Natural



**Resources** Conor Lenihan has granted an onshore petroleum licence for the Lough Allen basin and the Clare basin.

The Corrib Gas field, in County Mayo, has an estimated value of up to €50 billion. Sinn Féin supports the campaign against the Corrib Gas project as it is currently constituted. Apart from the environmental and safety concerns involved, the current licensing and revenue terms given to Shell and Statoil and to other exploration companies mean that the economy and the people of this country have little to gain from the bringing onshore of the substantial reserves of oil and gas off our shores. Although the new rate of tax is 40% this rate only applies to new exploration licences and does not cover the existing oil and gas finds such as Corrib.

Ireland is recognised internationally as a major zinc-lead mining country. Over recent decades there have been a number of very significant base metal discoveries, including the giant ore deposit at Navan. Zinc-lead ores are also currently being mined at Galmoy in Kilkenny and Lisheen in Tipperary. The combined output from these mines make Ireland the largest zinc producer in Europe and the second largest producer of lead. Royalties paid on mineral mining are also unsatisfactory. Royalties of 1.75% and 3.5% are paid on zinc ore mines at Galmoy and Lisheen respectively.

All of the above indicates the wealth of natural resources that exist in terms of oil, gas and minerals and the potential revenue that could accrue to the State if the licensing, royalty and tax regimes were reformed.

Sinn Féin will introduce changes to ensure the State finances benefit from oil, gas and mineral resources by increasing licence fees for exploration companies. Other states have applied similar measures to multinational companies who have been happy to comply with those terms given the value of the resources which they have access to.

## **PROPOSALS**

- a) Reform the current exploration licensing and taxation regime and renegotiate oil and gas contracts.**
- b) Introduce a policy to ensure that the State would take a 51% shareholding in these resources and introduce an immediate levy of 48% and a royalty of 7.5%.**
- c) Establish a State oil, gas and mineral exploration company which would actively participate and invest in exploration.**

# FORESTRY

Despite some effort to encourage the growth of trees, the level of afforestation in Ireland remains very low. In 2007, approximately 724,000 hectares – 10% of total land area – was under forest. That's compared to an EU-27 average of 42%. Switzerland with a land mass of half of Ireland has 30% under forestry, 70% of it in public ownership. There are more than 80,000 people employed in the forestry and wood sectors in Switzerland.

There is the potential to create many more jobs in the forestry sector.

Forestry can also be a source of inputs into the production of alternative energy either through biomass or directly through wood-chip and thinnings. It is estimated by Sustainable Energy Ireland that biomass could supply 10% of the State's primary energy requirement by 2020. If that was to be supplied by wood biomass this would require an output of 8m tonnes of wood-chip per annum. The Irish Farmers' Association estimates that this could be worth €875m in sales and represent a saving of €1.8bn on imported fossil fuels as well as significantly reducing CO2 emissions. Forestry then, in combination with the renewable energy sector, clearly represents an area of potential growth and perhaps one with more potential than other energy crops.

Sinn Féin has highlighted in the Dáil the fact that a company chaired by former Taoiseach Bertie Ahern has expressed an interest in buying the 7% of the land of the state currently under the control of the forestry agency Coillte.

The current value of Coillte lands at agricultural value is €1.2 billion. However, Coillte has also conducted an extensive geological survey of those lands so the value of those lands, if exploited for mineral exploration, may well be considerably higher than that. Coillte has refused to divulge the findings of those surveys.

It has also recently issued a tender for economists to place a value on the public assets and environmental benefits of the land under its control.

All of that points to the likelihood that Coillte is preparing itself for privatisation in whole or in part. Sinn Féin wants to see Coillte and our forestry run in a manner that would provide sustainable, long-term growth as well as protecting our environment and natural amenities.

The planting of native species and the proper management of our forestry could provide a huge boost to indigenous community-based businesses.

This the clear alternative to the selling off and destruction of our native woodland in the interests of the privateers.

## PROPOSALS

- a) Retain Coillte in state ownership and operate it in a manner that would provide sustainable long-term growth and increased employment as well as protecting our environment and natural amenities.

## RENEWABLE ENERGY RESOURCES

Ireland has the second-best wind resource in Europe and has been identified as one of the best locations for wave energy in the world. Although the development of wave energy is in its infancy, increasing research and development is being invested in the sector. As the Western seaboard region in particular has significant potential in both wind and ocean renewable energies, there is a need for strategic planning to address the complex infrastructural and environmental issues. In government, Sinn Féin would establish a publicly-owned national green technology firm for Ireland that would manage and use the island's energy resources. We would establish this within 12 months of taking office. Such an enterprise would be an energy provider and funder which would gather expertise and resources which, in tandem with proper control of our oil and gas reserves, would make Ireland energy independent by 2020 through proper development of wind and wave energy.

Programmes should be put in place through local authorities to train, network and advise individuals and groups in starting up sustainable energy companies. The Department of Communications, Energy and Natural Resources should identify renewable energy zones on the Western seaboard region and elsewhere, and develop guidelines to encourage the development at community and regional levels of renewable energies such as ocean and wind energy. The guidelines should also ensure that no projects would adversely affect the environment and areas of scenic beauty.

## PROPOSALS

- a) Plan for strategic public investment in developing the renewable energy sector including the establishment of a publicly-owned national green technology firm for Ireland that would manage and use the island's energy resources. We would establish this within 12 months of taking office.
- b) Set a target for becoming a net exporter of electricity from renewable sources.
- c) Keep the ESB in public ownership.

## FISHERIES

The deal made regarding fishing on accession to EEC was a disaster for Irish fisheries. The Irish Government must now focus on getting a fair deal for Irish fisheries.

The main problem facing the Irish fishing sector is that management of the fishery is almost exclusively in EU hands and bound by the Common Fisheries Policy. This is a policy which is the successor of the fishery policy that was clearly framed by the original six members of the EEC prior to the accession of Ireland, Britain and Denmark with a view to securing for themselves a share in a massive resource in which they were deficient.

While the Irish fleet was given a small share in the catch in waters off our coast, reflecting the lack of domestic development in the years prior to accession, the out-workings of EU policy on stock management have had a dramatic impact on Irish fishermen. Since 1993, the Irish fleet has been reduced by over a third and the intention is clearly to accelerate the rate of decommissioning. The clear intent, and one that is accepted by Irish officials, is to reduce the fleet to one operating from two or three large ports.

In 2002, the Common Fisheries Review Group highlighted the “inequalities and injustices of the present Common Fisheries Policy (CFP)” and that, despite then having 11% of EU fishing waters, Irish fishermen only had 4% of EU quota. They particularly emphasised the importance of fishing to the West and the need to break out of the straightjacket of the current CFP which prevents the development of the fishing sector. However, despite the occasional public criticism of the policy, the official response to requests that the CFP be radically reformed to address the issue of unequal quota allocation is invariably met with the response that the mechanism for determining quota is historically based and more or less set in stone, in line with the so-called policy of ‘relative stability’. Estimates of the value of the fish taken from Irish waters by non-Irish vessels since 1973 vary. Some official sources have placed this at €16 billion while others (using Eurostat figures on the amount of fish from Irish waters and potential value including processed value) have placed it as high as €200 billion.

## PROPOSALS

- a) Negotiate a radical reform of the Common Fisheries Policy to ensure Ireland fairly benefits from resources in the seas off our coasts.
- b) Devote greater resources to combating illegal fishing by non-Irish vessels – this can be done by diverting funds from elsewhere in the Department of Defence budget.

## TURF CUTTING – CONTINUATION AND RESTORATION OF TURBARY RIGHTS FOR DOMESTIC TURF CUTTING

Peat is one of Ireland’s natural resources. Turf cutting has a long tradition in Ireland and is seen by many as a viable, cost-effective source of home heating and energy. With the increase in price for oil, gas and electricity over the coming years, it is essential for many families to continue to harvest turf for domestic fuel.

There are over 1,500 raised bogs in this State, of which 139 are designated as Special Areas of Conservation (SACs) and Natural Heritage Areas (NHAs) under the Wildlife Acts.

By the end of 2010, turf cutting was to cease on 32 raised bogs following a 10-year derogation from the EU Habitats Directive. It is also proposed the remaining 107 designated bogs will cease between 2012 and 2014.

The decision to stop domestic turf cutting on these bogs follows an interpretation of the EU Habitats Directive with regard to the perceived threat and environmental implications of domestic turf cutting which is misguided. This decision has been justified by the Corine Maps, which were used in the calculation that one-third of the bogs supposedly vanished over the last ten years actually measured cutaway bog over the last 100 years and not just the intended ten years' loss.

Former Minister for the Environment, Heritage and Local Government John Gormley conveyed the impression that over 30% of raised bogs in SACs had been lost in ten years due to domestic cutting. The Minister's own department commissioned a report titled 'Assessments of Impacts of Turf Cutting on Designated Raised Bogs Project' (also known as 'the Fernandez Report') which refutes his assertion and estimates that less than one per cent of raised bogs was lost in the last ten years due to turf cutting.

The Turf Cutters and Contractors Association (TCCA), who compiled their own report on six SAC's, estimates that 0.21% of raised bog in those six designated areas was lost due to turf cutting. These findings of the TCCA, coupled with the Fernandez Report, are substantial in that under the EU Habitat Directive a habitat can retain a 'Favourable Conservation Status' provided its loss of extent is one per cent or less.

The amount of turf cut for domestic use is minuscule in comparison to the large-scale commercial operations of some companies in our bogs. The continuation of turbary turf cutting must be permitted to allow people to harvest turf as a source of fuel for domestic use.

## PROPOSAL

- a) The continuation and restoration of turbary rights for domestic turf cutting.