

Minister Jack Chambers TD,
Department of Finance,
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Upper Merrion Street,
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By Email



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Minister Paschal Donohoe TD,
Department of Public Expenditure, NDP Delivery and Reform,
Government Buildings,
Upper Merrion Street,
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D02 R583
By Email

CC: An Taoiseach Simon Harris TD, Tanaiste Micheál Martin TD, Minister Roderic O’Gorman TD

26 July 2024

Dear Minister Jack Chambers and Minister Paschal Donohoe,

RE: Letter from Climate Change Advisory Council regarding Budget 2025

The Council has developed a number of recommendations relevant to Budget 2025 in its Sectoral Reviews which are published [here](#). The Council is writing to you with further advice prior to the conclusion of the budgetary process this year.

In 2023 Ireland still relied on fossil fuels for almost 83% of its national energy requirement. It is critical that fossil fuel subsidies are rapidly phased out across the economy, while taking account of the need for a just transition. This is required to reduce emissions and our reliance on imported fossil fuels which contribute to volatile energy prices and impact on the cost of living. A phase-out of these subsidies would allow for funds to be redirected to other areas of the economy.

There should be an increased focus on capital investment in Budget 2025, concentrating on the supports required for the capital costs of household investment in low carbon technologies and to deliver the infrastructure needed to meet our climate targets. Budget 2025 should also ensure that any cost of living policy measures are targeted and focused on supporting households in challenging circumstances, complemented by measures to help people transition away from fossil fuels.

There is a need to prioritise and accelerate investment in the most impactful areas for decarbonisation to mitigate against the potential costs of non-compliance with binding EU targets, previously estimated at up to €8.1 billion¹. If timely action is not taken and the necessary investments in public transport infrastructure, renewable energy and major projects to achieve our climate targets are not made, monies which could otherwise have been invested in the Irish economy will be required to purchase credits and transfers from other EU

¹ See Fit for 55 WEM Scenario in Figure 5 of : <https://assets.gov.ie/246850/5982d0ec-1590-4caf-8c40-ce8bf178f5fc.pdf>

Member States to comply with emissions targets in a context of growing uncertainty about the availability of such units.

The transition will require an increased level of investment with a significant proportion to be borne by the State, with Ireland's Long Term Strategy on Greenhouse Gas Emissions Reduction estimating a cumulative investment of €235 billion required from 2031-2050 to transition to a climate neutral economy. Council supports continued investment of €2 billion each year from 2024 to 2030 in the Infrastructure, Climate and Nature Fund as major projects supporting the climate transition require long-term certainty of funding. Substantive additional financial support for the conservation and restoration of biodiversity and adoption of nature-friendly land and sea management practices should also be earmarked through this Fund to enable us to meet our legally binding commitments outlined in the Nature Restoration Law.

The Council reaffirms its strong support for the Government's carbon tax plans up to 2030, including the use of ringfenced revenue raised for the continuation and enhancement of retrofit supports, welfare transfers to protect the most vulnerable households and investment in sustainable agriculture.

The necessity of a comprehensive review of taxation in the Transport sector across all vehicle categories (including vehicle registration tax, motor tax, excise duty, carbon tax, fuel pricing and distance-based charges) has been highlighted by the Council. This review should ensure that households and businesses are incentivised to choose zero-emission vehicles at the point of purchase and encourage reductions in fossil fuel use. More immediately, as part of Budget 2025, the Government should revise the taxation of company cars to further incentivise the adoption of BEVs.

Government must take long term investment decisions now that will protect our society and future generations from negative impacts including coastal erosion, flooding, storms, droughts and sea level rise. Funding at central and local level must be prioritised for effective adaptation measures that enhance our resilience to climate change both on an annual basis and through the National Development Plan process.

The Council looks forward to providing any further assistance or advice as required.

Yours sincerely,



Marie C. Donnelly

Chairperson

Climate Change Advisory Council