



7<sup>th</sup> October 2009

Mr. John Gormley, T.D.,  
Minister for the Environment Heritage and Local Government,  
Custom House,  
Dublin 1

### **Budget 2010 and Revised Programme for Government**

Dear Minister,

Comhar SDC has identified three key priorities for Budget 2010 and the revised Programme for Government:

- Carbon Tax and Climate Change Law
- From National Development Plan to Green New Deal Development Plan
- From Biodiversity (Nature Conservation) as a problem to an opportunity

#### **1. Carbon Tax & Climate Change Law**

**Carbon Tax:** Several levels of policy measures are needed to reduce Irish greenhouse gas emissions. Firstly, the carbon tax, as recommended by Comhar SDC in earlier Budget submissions and subsequently by the Commission on Taxation, should be implemented immediately. We urgently need a carbon price across all non-ETS sectors to encourage the most efficient emissions cuts.

**Rationale:** The implementation of a carbon tax in the non-emission trading sectors is the most efficient and fairest way to reduce emissions in the Irish economy. It is efficient because it provides a 24 hour a day incentive to reduce emissions and to create new businesses that help make that easy, but it leaves the response up to the emitter. It is fair, because it applies the polluter pays principle - those who emit most pay most, and reduction in emissions is rewarded in reduced tax payments. Using the revenues to reduce income taxes, compensate lower income households, and investment

in public good activities that reduce greenhouse gas emissions in the affected sectors will reinforce its positive economic, social and environmental impacts.

Comhar SDC recommends the following parameters for the new carbon tax:

- Initially the carbon levy should be set at the same price as the ETS market price to encourage least cost reductions. For example a levy of approximately €20 per tCO<sub>2</sub>, would translate to roughly 5c per litre of petrol.<sup>1</sup> It should be clearly marked on receipts to raise awareness of the carbon implications of purchases.
- The use to which the carbon tax revenue is put is very important. The carbon levy is predicted to be beneficial to the economy and cause growth if the revenue is used for a combination of: compensation to vulnerable groups, labour tax reductions, and energy efficiency savings in proportion to the sectoral contributions.
- In addition to a carbon levy, targeted policy measures are needed to encourage emissions reductions in the non-ETS sectors, especially the most intractable – transport and agriculture. Some of these will require funds, which can be paid for from the carbon levy revenue.
  - **Agriculture** will not be affected by a carbon tax and investment is needed in education and incentives for best practice in cattle and slurry management. The rate of afforestation should be increased significantly to provide carbon sequestration and biomass options.
  - Policy measures for sustainable **transport** should focus on a rural transport strategy, least cost options such as eco-driving and work towards a national road pricing system.
  - Refund a portion of carbon tax to the **services** sector under condition that companies join energy-saving agreements. Implement green procurement requirement beginning with the public sector.
  - In the **residential** sector carbon tax funds could be used to eliminate fuel poverty, provide grants to increase alternative fuel use in homes; give tax credits to spending on energy efficiency measures such as home insulation, continue grants for renewable heating and electricity systems.
  - Another portion of the funds should be used to compensate **vulnerable groups and individuals** for rising carbon prices, either by reducing labour taxes or to provide a lump sum rebate to households. Since a carbon tax raises prices and therefore the cost of living too, it would normally be expected that wage

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□ The current price is currently approx €13 per tCO<sub>2</sub> See <http://www.pointcarbon.com/>

demands would also rise. Therefore the revenue from carbon tax could be used to offset some of the increased costs people face by, for example, reducing income taxes, social insurance contributions, increasing social welfare, or giving a lump sum to all households.

**Climate Change Law:** Comhar SDC welcomes the Government commitment to publish the heads of a new Climate Change Bill by the end of 2009. The new legislation should provide for:

- Long term targets for emissions reductions up to 2050, in line with the best available science and our UNFCCC commitments.
- Intermediate targets for emissions reductions to provide for a stepped approach.
- An independent Climate Change Commission to advise the Government on targets and measures and to report to the Oireachtas on progress.
- A framework for a national climate change risk assessment to take place every five years.
- A framework for a national adaptation programme to be put in place and reviewed every five years.
- A basis for the preparation of statutory guidance for government departments, agencies and local authorities on how to undertake climate risk assessment and draw up adaptation action plans.

Rationale: Putting our long-term emissions targets into law will give certainty to businesses and households. A law is the best way to make sure all departments, agencies and local authorities take climate change seriously and take action consistently.

## **2. From National Development Plan to Green New Deal Development Plan**

The Government should commit to re-casting the National Development Plan to comprise a 'Green New Deal' development plan in line with Comhar SDC's recent report and recommendations for a Green New Deal for Ireland. This means ensuring that *all prospective investments* in infrastructure are tested to ensure that they make a real contribution to economic, social and environmental sustainability, and these aspects are monitored as implementation and then operation proceed.

Rationale: Necessity is the mother of invention. We face huge economic challenges – recovering our competitiveness – and environmental challenges – meeting legally binding obligations as regards climate change, energy, water and nature (biodiversity). A Green New Deal Development Plan will ensure that these imperatives are mutually re-enforcing.

Internationally, green stimulus packages have been developed to assist in economic recovery. While some green stimulus measures were linked to the Government's plan for recovery, 'Building Ireland's Smart Economy', much more focused and rigorous stimuli are needed.

Comhar SDC believes that if we are to meet climate change targets, while creating jobs and getting the economy moving again, at minimum, Ireland will need to invest €3.7 billion into green stimulus packages, approximately 2% of GDP. This is significantly less than the amount of taxpayers' money that was used to recapitalise Ireland's banking system, and is almost the same as our annual fossil fuel bill. While finding the money is a short-term challenge, a green stimulus package would create jobs and save on our carbon bill into the future.

There is a need to foster innovation led business in energy, water and resource efficiency generally, and in the supply of niche products for global markets, which includes provision of funding vehicles and price incentives. Such a plan will ensure that the economic and environmental challenges we face are mutually reinforcing. In addition to fiscal and labour market measures, the Green New Deal development plan should aim to enhance Ireland's 'green infrastructure' (see under item 3 below).

We need to put in place the correct mix of effective policy instruments to move us in the right direction. These include:

- Green Procurement
- Fiscal policy including tax and subsidy reform
- Skills and training
- R&D

We also need to establish an effective financial institutional framework to provide the foundation for focused investment in the GND. This should take the form of:

- A National Decarbonisation Fund for Ireland
- Formation of a Green Bank
- Creation of a green venture capital fund.

Finally, we need a more integrated means of measuring progress than GDP. There is a need for performance indicators linked to the National Sustainable Development Strategy and delivery of the National Development Plan. Comhar SDC is developing proposals for a Sustainable Development Indicator set that will be sent to the Minister by the end of 2009.

### **3. From Biodiversity (Nature Conservation) as a problem to an opportunity**

The Government should complete and publish the revised National Biodiversity Plan in early of 2010 and ensure it reflects the different functions and value of ecosystem goods and services in its actions. Adequate resources must be provided for the implementation of the Plan. Biodiversity and climate change policies should be integrated through the National Adaptation Plan and the cross-sectoral actions identified during 2009. The implementation of current policies should also be supported as postponing action would be to the detriment of biodiversity and hence the future economic, social and environmental welfare of Ireland. .

*Rationale:* Investment in biodiversity protection can save money in the long-term, since a properly functioning biodiversity system can provide society with 'free' services. Nature provides us with a range of services, for example reduced flood intensity, purification of water, pollution regulation, stabilisation of soils and habitats for wildlife. Investment in the development and implementation of environmental policy is investment in the long-term wellbeing of society.

Green infrastructure involves natural, semi-natural and managed green areas in both urban and rural settings and is about the strategic physical and functional connection of open green areas at all levels. In urban areas, GI is about putting the environment at the centre of the planning process and producing a strategic and linked, multifunctional network of spaces with benefits for people and wildlife. In rural areas, GI is often viewed at a larger scale, encompassing large country or regional parks, extensive habitats, major landscape features and the identification of wide green corridors and ecological networks.

Comhar SDC believes that green infrastructure should be viewed as critical infrastructure for Ireland in the same way as our transport and energy networks and as vital to sustainable development. Green infrastructure prevents and reverses habitat fragmentation and increases biodiversity. It contributes to restoring functioning ecosystems, adapting to climate change and in the maintenance of ecosystem services, such as clean water and productive soils and attractive recreational areas. Green infrastructure also delivers a host of social and economic benefits, such as better health, opportunities for education, increased social inclusion and more investment in an area. The development of green infrastructure, is essential for the delivery of a more sustainable economic model, and healthier society.

Comhar SDC will develop more detailed recommendations in early 2010 for a national policy framework for green infrastructure which will integrate spatial planning with biodiversity protection, climate change adaptation and enhancement of ecosystem goods and services and people's wellbeing. This research and analysis will have an important role to play in informing policy formation by NPWS and the Department and will contribute to Ireland's input

to the CBD COP in 2010 where green infrastructure and this integrated approach will be further developed.

Yours sincerely

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