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Tánaiste Simon Harris TD
Department of Finance,
Government Buildings,
Upper Merrion Street,
Dublin 2,
D02 R583
By Email Only

Minister Jack Chambers TD
Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation,
Government Buildings,
Upper Merrion Street,
Dublin 2,
D02 R583
By Email Only

CC: An Taoiseach Micheál Martin TD

10th July 2026

Dear Tánaiste Simon Harris and Minister Jack Chambers,

Re: Letter from Climate Change Advisory Council regarding Budget 2027

The Council has developed a number of recommendations relevant to Budget 2027 which we urge you to act upon in this year's budget and in medium term budgetary planning.

Ongoing instability in global fossil fuel markets, including the recent conflict in the Middle East, continues to expose Ireland to fossil fuel price volatility and supply risks. The Council acknowledges the difficulties that faced households and businesses with the unprecedented, elevated fossil fuel prices and the need for targeted and temporary supports. This reinforces the need to deliver on the Government's commitment to end Ireland's reliance on fossil fuels by accelerating the transition to secure, domestically generated renewable electricity whilst decarbonising our demand for heat and transport. The Government should ensure that the necessary targeted measures are in place to support the most vulnerable transition away from fossil fuels.

Firstly, the Council reiterates its support for maintaining the planned trajectory for the carbon tax, transparent hypothecation of carbon tax revenues, and phase out of fossil fuel subsidies:

- Recent emergency fossil fuel excise reductions were insufficiently targeted and likely to convey the most benefit to higher income households. In responding to price fluctuations, Council recommends that Government support the most vulnerable in society and across the economy to reduce demand and transition away from fossil fuels. Measures aimed at alleviating fuel poverty which permanently reduce demand for fossil fuels should, in our view, be prioritised, and made broadly available and easy to access.

- The Council reaffirms its consistent support for maintaining the planned trajectory for the carbon tax, the gradual increase to €100 per tonne of carbon dioxide emitted by 2030, and the use of ringfenced revenue from the carbon tax for the continuation and enhancement of retrofit supports, for welfare transfers to protect the most vulnerable households and for investment in sustainable agriculture. Recent agreements in the EU regarding a new emissions trading system, ETS, for the built environment and road sectors point to the importance of ensuring the visibility of a strong carbon tax in Ireland but also to the need to ensure that our planning for post 2030 is compatible with EU plans.
- The Council notes the findings of the Comptroller & Auditor General that only 61% of revenue was spent on intended measures between 2020 and 2023. To support a just transition, the Council urges Government to ensure that ringfenced carbon tax revenues are transparently allocated to these intended measures and that the hypothecation of carbon tax revenues is clearly visible and clearly communicated to the public.
- The tax system must support the achievement of our climate targets. Unfortunately, it is still the case that the tax system supports our use of fossil fuels through environmentally harmful subsidies, including exemptions from various fuel and excise taxes. The Council emphasises the importance of phasing out fossil fuel subsidies across the economy and reiterates its call for a comprehensive review of taxation in the Transport sector across all vehicle categories for Budget 2027. This should align with a 'user and polluter pays' taxation principle and should commence urgently, given the need to phase out fossil fuels in this sector and fund an expansion of public transport.

Secondly, the Council has repeatedly called for a strong focus on capital investment supporting decarbonisation efforts:

- As outlined in the Council's recent review of the electricity sector, ongoing support for small scale generation by households and SMEs is an integral part of a sustainable electricity system. To support household resilience and grid stability, the Government should also reintroduce a grant for domestic battery storage and the installation of changeover switches as part of Budget 2027, prioritising low-income households, people registered as medically vulnerable, and those most exposed to power outages.
- There is a pressing need to deliver investment in new public transport infrastructure to address congestion and service strategic housing developments. These include Dart+ South West line, the Luas Finglas line, light railway for both Galway and Cork, and further expansion of the Dublin Luas such as Luas Poolbeg and Luas Bray. The Council strongly recommends that Government commits significant funding to new public transport infrastructure projects in Budget 2027.
- Government should increase allocation of funding to the operation of existing PSO public transport services in Budget 2027 with view to increasing the capacity and frequency of the network.

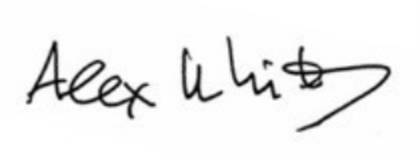
Finally, the Council has also repeatedly called for increased investment to support adaptation actions, including Nature Based Solutions for Climate Change action.

- The Climate Adaptation Taskforce, convened by the Department of Climate, Energy and the Environment, has recently outlined an ambitious work programme. Adequate investment to realise the actions identified in the work programme will be critical to building Ireland's climate resilience. The development of an Adaptation Finance Strategy for Ireland will help to ensure strategic delivery of the necessary funding. Moreover, this investment should apply across all sectors, including local authorities and sectors that do not currently have Sectoral Adaptation Plans.

- Nature-based solutions deliver multiple benefits and can be a very cost-effective way to mitigate and adapt to climate change. Therefore, to ensure best overall outcomes for climate and biodiversity, it will be vital that the forthcoming National Restoration Plan is adequately funded in Budget 2027.

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

Kind regards,



Alex White SC

Chair

Climate Change Advisory Council