

Minister Paschal Donohoe TD

Department of Finance,

Government Buildings,

Upper Merrion Street,

Dublin 2,

D02 R583

By Email



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Minister Jack Chambers TD

Department of Public Expenditure, NDP Delivery and Reform,

Government Buildings,

Upper Merrion Street,

Dublin 2,

D02 R583

By Email

28 July 2025

RE: Letter from Climate Change Advisory Council regarding Budget 2026

CC: An Taoiseach Micheál Martin TD, Tánaiste Simon Harris TD

Dear Minister Jack Chambers and Minister Paschal Donohoe,

The Council has developed a number of recommendations relevant to Budget 2026 which we urge you to act upon in this year's budget and in medium term budgetary planning.

The Council has repeatedly called for a strong focus on capital investment supporting decarbonisation efforts and climate infrastructure resilience:

- As outlined in the Council's recent review of the electricity sector, significant investment and political support at national, regional and local level is essential for upgrading electricity grid infrastructure and achieving renewable energy targets. Ongoing support for small scale generation by SME's and homes is an integral part of a sustainable electricity system.
- To maintain and further grow public transport numbers, capital investment and ongoing fiscal support for major public transport projects along with a sustainable funding mechanism to support expanded public transport services should be integral to Budget 2026.
- The Council has consistently called for substantial reductions in methane and nitrous oxide emissions from the agriculture sector, through the widespread adoption of critical measures identified in the Teagasc Marginal Abatement Cost Curve (MACC). These measures require funding in Budget 2026.

The Council welcomes the commitment to maintain annual transfers of €2 billion to the Infrastructure, Climate and Nature Fund. It is essential that large pivotal infrastructures such as district heating systems are funded from 2026. Equally, adequate funding is crucial for nature restoration, nature-based solutions and biodiversity initiatives.

The Council reaffirms its strong support for the use of ringfenced revenue from the carbon tax for the continuation and enhancement of retrofit supports, welfare transfers to protect the most vulnerable households and investment in sustainable agriculture. The Council notes the findings of the Comptroller & Auditor General that only 61% of revenues was spent on intended measures between 2020 and 2023, and urges Government to ensure that ringfenced carbon tax revenues are transparently allocated to these intended measures.

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 2026. 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.

Support from central Government is also needed to ensure that local authorities are adequately resourced to implement the Local Authority Climate Action Plans, including measures in decarbonising zones. To strengthen and retain expertise, recurrent funding should be included in Budget 2026 to make climate action roles in local authorities and in the Climate Action Regional Offices permanent before current contracts end.

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

Yours sincerely,

A handwritten signature in black ink that reads "Marie C. Donnelly". The signature is written in a cursive style with a large, looped 'M' and a long, sweeping tail on the 'y'.

Marie C. Donnelly

Chairperson

Climate Change Advisory Council