



Robert Watt
Secretary General
Department of Public Expenditure & Reform
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13 November 2017

Dear Mr Watt,

CC: Brian Carroll, Department of Communications, Climate Action and Environment

RE: Climate Change Advisory Council Response to Budget 2017

The annual budgetary process represents a key opportunity to support climate action and to consider the broader impacts of government fiscal policy on greenhouse gas emissions, climate resilience and the low carbon transformation. The Council was disappointed about the lost opportunity to enhance fiscal instruments, such as the carbon tax and fuel excise duties, despite considerable evidence in their favour. The Council also noted the lack of analysis of climate impacts supporting budgetary decisions across sectors.

The Council recommends that measures with significant environmental impacts should be included in a cross-sectoral assessment of the climate and environmental impact of the Budget. Obviously the cost-effectiveness of such interventions should also be assessed in terms of the likely cost per tonne of carbon dioxide avoided. Such analysis would increase transparency and support better decision making in line with the National Policy Position on climate change and the Paris Agreement.

The Council is also concerned about the fiscal exposure to purchasing for compliance with EU climate change and energy targets. A strategic approach is required such that compliance purchasing is limited to where it is the most cost effective approach. The Council recommends that the Department for Public Expenditure and Reform should undertake, in consultation with the Department of Communications, Climate Action and Environment and

with the Department of Finance, a study examining a range of scenarios, to determine the optimal use of compliance purchasing and the necessary additional policy measures that are needed to move Ireland onto a sustainable growth path. We would welcome the opportunity to discuss this with you and provide further clarification on the possible scope of such a study.

Should you wish to clarify any of the points above, please contact myself directly or Claire Camilleri at the Climate Change Advisory Council's Secretariat via C.Camilleri@epa.ie or phone 01 2680145.

Yours sincerely,

Prof. John FitzGerald

Chair

Climate Change Advisory Council