



**Cork Chamber**  
Advancing business together

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Use of Carbon Tax Revenues – Public Consultation,  
Tax Division,  
Department of Finance,  
Government Buildings,  
Upper Merrion Street,  
Dublin 2  
D02 R583

28 June 2019

## **Re: Consultation on the options for the use of revenues raised from increases in Carbon Tax**

To Whom It Concerns,

Cork Chamber is the leading business organisation in Cork, proactively working to identify and progress developments that are facilitative of economic and sustainable growth. Representing an employer base of close to 1,200 businesses and over 100,000 employees across the region, Cork Chamber is the largest business representation organisation in the South of Ireland.

The UN Intergovernmental Panel on Climate Change (IPCC) in 2018 reported the imperative that action is needed now, and fast, to cut the risk of extreme heat, droughts, floods and poverty. The IPCC Special Report outlined the impacts of global warming of 1.5°C above pre-industrial levels. Beyond 1.5°C by even a half degree, we are significantly increasing our vulnerability to increasing our risks of drought, floods, extreme heat and poverty for millions of people. Compounding this, the UN's Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) in May reported that one million species are currently threatened with extinction, representing serious implications across all human activities and health.

It is imperative to all activity, including economic activities and future growth, that behaviours and policies are changed. We need supportive policies and opportunities for businesses to make this transition nationwide. In representing the voice of business, we highlight the criticality of 'certainty' for business to facilitate future planning decisions and investment. In a time of increasing geopolitical change and associated trade uncertainty especially in the context of Brexit, more than ever business needs certainty. As such, we strongly support that

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the final approach adopted for the application of a Carbon Tax increase must clearly state the long term pathway to provide clear timelines and concise detail on the application of this tax increase to 2030, and the associated measures to mitigate the potential negative effects on businesses of increasing energy/ fuel costs.

Reductions must be made in areas such as heating, emitting 10% of total emissions, and transport, where the sector is currently the largest energy-using sector emitting nearly 20% of total emissions and is the most reliant on imported fossil fuel. If we are to meet new energy demands, measures such as retrofitting homes, investing in the grid, generating renewable energy will be essential for Ireland's sustainable future. It is imperative that government acts swiftly to enact the policy frameworks and supports, removing barriers to this transition.

Currently Ireland is consistently missing national and international carbon emission reduction targets with greenhouse gas emissions nearly three million tonnes outside the pathway identified to meet 2020 targets. Compared to other EU Member states, Ireland is 22nd out of the EU-28 for overall renewable energy share and 26th out of the EU-28 for progress towards overall 2020 renewable energy target. From a purely economic perspective, the cost of inaction is far off balance with the benefits of action considering the financial penalties payable of up to €150 million per annum. Ireland is clearly missing out on opportunities to shift to a clean energy and tech society and the benefits that this could bring to our wider economy, society and environment.

Cork Chamber is supportive in principle of a Carbon Tax with this support premised on a fair and equitable approach for business and communities to make this transition, and which negates fuel poverty and social inequity. The proposed tax increase must not take place in isolation, alternatives must exist for businesses and consumers to mitigate a negative impact of an increase with for example those in a rural environment being disproportionately affected in comparison to those in an urban setting with transport alternatives and transport infrastructure e.g. relative low permeability of electric car chargers in rural Ireland.

Cork Chamber supports the specific ring-fencing of existing and future revenues from the Carbon Tax to aid the transition to a low carbon economy. Currently, the tax of €20 per tonne generates €440 million per year going directly to Government's main treasury account. However, due to the scale, challenges as well as opportunities for this transition, Cork Chamber believes that the ring-fencing of this tax is the most suitable and only viable option to catalyse this transition, encouraging a technology and behavioural change across all of society, business and communities.

Taxes from the ring-fencing must be clearly directed to support policy interventions and to increase the affordability of alternatives to our current carbon intensive lifestyles. Cork Chamber supports the allocation of the carbon tax to the following:

- To increase the fuel allowance to compensate those households likely to suffer from fuel poverty,

- In addition, Cork Chamber proposes the tax support large scale community energy efficiency initiatives such as district heating schemes, and support for homeowners to become net prosumers of energy.
- To enhance the current grants towards the cost of energy efficiency improvements in the homes of those most vulnerable to fuel poverty through the Better Energy Homes scheme or the SEAI Better Energy Warmer Homes scheme,
  - Cork Chamber proposes the introduction and support of a green mortgage model for business and homeowners. A special type of loan designed to make energy efficiency upgrades more affordable to homeowners and which have longer payback timeframes and favourable interest rates as is available in the US.
- To fund sustainable transport including cycle infrastructure and public transport.
  - Cork Chamber believes investment here is a key priority. Investment should be proactive and should be facilitative linking development with appropriate infrastructure and services for example Little Island and Ringaskiddy in Cork are major employment zones in the South of Ireland but have minimal, to no public or sustainable transport investment and funding allocated. This is in no way conducive to a shift in commuting behaviours, and the reduction of harmful emissions, and presents quick wins for policy and investment.
- For broad climate actions (e.g. the Climate Action fund or similar)
  - Cork Chamber proposes the introduction of a 'green' participatory budget to support climate change mitigation and adaptation projects selected by local citizens such as is done in Lisbon<sup>1</sup>. Though this, citizens can decide how to allocate funds, the 'green' label sets aside funds for projects with positive climate change mitigation and adaptation impacts, such as cycle lanes, wetland restoration, tree planting, or water capture and storage. This engenders the direct engagement & empowerment of communities and would be an influential mechanism for behavioural change. The 'green' participatory fund could be managed by Local Authorities directly.
- To act as a buffer against increasing cost of doing business for businesses with no realistic short to medium term alternative to continued fossil fuel use and for whom fossil fuels constitute a large amount of overall business expenditures,
  - Cork Chamber believes the fund should supports business owners to adopt technologies to generate electricity with grant schemes e.g. solar with the opportunity to sell the excess to the grid. This could also be supported by the introduction and favourable policy, tax environment for green technology leasing companies.
- To incentivise businesses moving away from the use of fossil fuels to more sustainable production methods.
  - Government must facilitate a just transition for all. This requires retraining and supports for thousands of businesses, employees and sole traders with product or service offerings based on the production, installation or deployment of traditional fossil fuel focused energy systems. Cork Chamber supports an allocation of funding towards reskilling.

<sup>1</sup> [https://www.climate-kic.org/news/lisbons-city-finance-lab-awarded-e5-million-budget/?utm\\_source=LinkedIn&utm\\_medium=Post&utm\\_campaign=Lisbons\\_CFL-backed\\_green\\_participatory\\_budget](https://www.climate-kic.org/news/lisbons-city-finance-lab-awarded-e5-million-budget/?utm_source=LinkedIn&utm_medium=Post&utm_campaign=Lisbons_CFL-backed_green_participatory_budget)

- Government must support innovation in for example production methods, packaging materials.

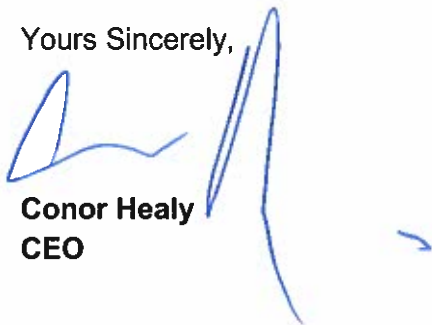
In addition to the above:

- Cork Chamber contends that the revenues generated from the existing carbon taxes be ringfenced immediately and reinvested to support infrastructure upgrades to the national electricity grid, the decarbonising of public transport, support for housing retrofits, and the enhanced deployment of electric vehicle charging infrastructure with a priority for areas that are not currently served and poorly served,
- Government must support further help-to-buy schemes to increase the purchase price affordability of electric vehicles thereby increasing the accessibility of this option for businesses,
- Government must support innovation in the development and deployment of carbon neutral technologies, such as biomethane as a transport fuel from agricultural and food waste,

Cork Chamber supports the research ongoing to ascertain the impacts of a Carbon Tax increase by household income level and geographic location and the importance of this research to underpin future actions and measures to facilitate this transition for all.

Finally, Cork Chamber is supportive of the transition to a low carbon economy and society and while being cognisant of the challenges, we also note the opportunities for business and the necessity of this transition. We emphasise the value of public consultations and welcome future opportunities to engage on this and associated topics.

Yours Sincerely,



**Conor Healy**  
CEO