

Dear Taoiseach,

Re: Climate Change Legislation

We would like to welcome the positive steps towards establishing a legislative framework for climate change policy taken since we met with you and Minister Gormley last Autumn to discuss our First Communiqué.

We very much welcome the publication by the Government of the *Framework for Climate Change Bill 2010*, last December, and the commitment to passing the legislation in 2010. While we expected to see the Heads of Bill earlier in the year we understand that work on the draft Bill is at a very advanced stage and that it remains the plan to complete the legislative process by December. For business, the law will improve the clarity and certainty of government policy and we would ask you to ensure it is enacted this year.

On the specifics of the Bill, as laid out in the framework document, we have a number of observations and proposals, outlined below. In summary, we believe that the law needs to create clear and credible targets, ensure cross-government responsibility, provide for independent expert advice, and give overall responsibility to the Department of the Taoiseach. In addition, every effort should be made to secure cross-party support for the passage of the Bill.

Creating clear and credible targets

- For business, the value of legally-binding targets is in creating certainty. The investment needed to move to a low-carbon economy is significant and the payback period long. To achieve the desired certainty, the targets created by the law need to be clear and credible.
- While we are comfortable with the ambition implicit in emissions reductions of 3% a year between now and 2020, we are concerned that the Framework expresses the target only in terms of a rolling average reduction, which is too vague to provide the required regulatory certainty. We propose that the Bill contain concrete reduction targets for 2015 and 2020.
- The framework document is ambiguous on the development of interim targets between 2020 and 2050. To maintain business confidence in the direction of government policy the Bill should provide for the ongoing setting of legally-binding five-year targets.
- Clarity is also required on the proposed balance between domestic action and the purchase of overseas offset credits. Without this any target loses the power to drive investment and innovation here in Ireland. Companies participating in the ETS will of course continue to buy and sell carbon credits in the normal way.

Ensuring cross-government responsibility

- Managing the transition to a prosperous, low-carbon economy is not a job for one or two ministers: it is a whole-of-government challenge, which requires action and accountability from every department. The Bill should provide for that and for politically-agreed sectoral targets within each overall carbon budget.

Giving overall responsibility to the Department of the Taoiseach

- We would also ask you to revisit our proposal that the Department of the Taoiseach assume overall responsibility for climate change policy under this new legislation. We believe that only the Taoiseach has the necessary authority to broker a deal among cabinet colleagues as departments and their ministers seek the largest possible share of the national carbon budget for their sector.

- This does not preclude a cabinet minister also having responsibility for climate policy. For example, the Department of the Taoiseach has Assistant Secretaries for both Northern Ireland and European Affairs, which are also the responsibility of the Minister for Foreign Affairs.

Providing for independent, expert advice

- We welcome the proposal to establish a Climate Change Committee “of high level experts with appropriate scientific, economic and technical expertise”. It is important that this Committee has the independence and autonomy to make its progress reports and recommendations public before the Government is expected to act on them, in order to inform and drive public debate.
- In its research and advice the Committee should have regard to the long term economic implications of inaction and should report on the projected economic impact and effectiveness of proposed policies and measures, producing evidence-based recommendations for additional or alternative measures where necessary to stay on target.

We hope you will take these observations into account in the finalisation of the Heads of Bill. We are also heartened by the cross-party support for climate change as evidenced by the report of the Joint Oireachtas Committee on Climate Change and Energy Security. We would be very hopeful that a carefully managed legislative process can produce all-party support for the Bill in the Oireachtas, in itself something that would bolster the confidence of business to act on climate change.

As corporate leaders, we view robust climate change legislation as a foundation stone of economically and environmentally sustainable prosperity. It is, however, only the beginning. We would like to see a strong indigenous response to avail of the opportunities that will be created. Therefore, building on such a pro-active position on climate change, we strongly believe that a widely focused economic development plan focused on the smart economy is also required. While current efforts may be adequate to keep pace with international developments, they are not as yet enough to secure a leadership position for Ireland.

We look forward to ongoing engagement with government on these matters as the opportunities arise.

Yours faithfully,



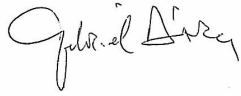
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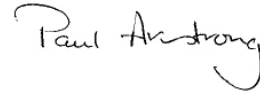
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c.c. Members of the Cabinet Committee on Climate Change and Energy Security

The Irish Corporate Leaders Group on Climate Change is an initiative of:



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