

**Response of Irish Corporate Leaders on Climate Change to call for submissions by The Oireachtas Joint Committee on Environment, Culture and the Gaeltacht on the Outline Heads of the Climate Action and Low-Carbon Development Bill**

**April 2013**

## **The Irish Corporate Leaders on Climate Change**

The Irish Corporate Leaders on Climate Change brings together business leaders from a broad cross-section of Irish based businesses to trigger a step-change in policy and action needed both to meet the scale of the threat posed by climate change, and to grasp the business opportunities created by moving to a low climate risk economy. Our vision is for Ireland to be a world leader among competitive, low carbon economies.

Through leadership, the Corporate Leaders use their position of influence to work with Government and consumers in making the vision of a sustainable, low-carbon society a reality.

The current members of the Irish Corporate Leaders on Climate Change are Bord Gáis, Bord Na Móna, Diageo, KPMG, NTR, Siemens, Sodexo and Vodafone.

The group's first communiqué was presented to the then Taoiseach at the group's launch in September 2009. Since then two further communiqués have been issued and meetings have taken place with relevant Ministers and with former president of Ireland Mary Robinson in her role as President of the Mary Robinson Foundation Climate Justice.

The secretariat of The Irish Corporate Leaders on Climate Change is hosted by Business in the Community Ireland.

## Executive summary

The Irish Corporate Leaders on Climate Change (Irish Corporate Leaders) welcome the publication of the Outline Heads of the Climate Action and Low Carbon Development Bill (the Heads). From a business perspective, this legislative act has the potential to both provide much greater regulatory certainty to investors; and to facilitate the implementation of an optimal policy mix, which capitalises on opportunities while minimising associated costs for Ireland. It can ensure, therefore, that climate policy is advanced so that it dovetails with economic recovery.

The Heads contain much that is to be commended. Ireland's international climate obligations are recognised. A process is established whereby sectoral and national roadmaps must be developed periodically, and reviewed annually by the Dáil. Where progress is insufficient, the Minister for Environment, Heritage and Local Government is required to advance new measures. An Independent Expert Advisory Body is established, and granted some input into climate policy making. These innovations have the potential to drive change.

Nonetheless, we see room for strengthening the Heads in several key aspects. This legislative act should incorporate a fair target for Ireland for 2050 in line with meeting the objectives already agreed by EU leaders. National roadmaps should be revised more frequently. Furthermore, the national roadmap should be developed prior to sectoral roadmaps, and used as a basis for their development, rather than vice versa as currently envisaged.

The role and independence of the Expert Advisory Body could be significantly enhanced in a number of ways. These include:

- Granting it the right to initiate the national roadmap, thereby ensuring that an Ireland Inc. perspective is to the fore;
- Mandating it to publish its advice as a matter of course, in advance of Government policy decisions;
- Enhancing its independence by ensuring that its members are independent of existing organisations (while its secretariat should be in a position to draw on their expertise); and
- Requiring the Minister to respond to the Advisory Body's annual progress report in his/her annual transition statement to the Dáil (the Taoiseach could share responsibility for annual reporting).

Incorporating these revisions into the draft Heads would greatly enhance future climate policy making, and facilitate a smooth transition to a low carbon economy.

## Introduction

Following Government approval, the Minister for the Environment, Community and Local Government (the Minister), Mr. Phil Hogan, T.D., released the Heads on February 26, 2013, for consideration by stakeholders. Minister Hogan, T.D. emphasised the central role of the Oireachtas Joint Committee on the Environment, Culture and the Gaeltacht (OJC) at this stage in the development of this important legislative act. The Irish Corporate Leaders therefore welcome the opportunity to engage with the OJC. We hope these submissions will be followed by wide-ranging public hearings. These can play a key role in broadening and deepening public understanding of the issues.

The Irish Corporate Leaders welcome the publication of these Heads, and the progress this step represents in developing a legislative act to underpin Ireland's transition to a low-carbon economy. As previously outlined by the Irish Corporate Leaders,<sup>1</sup> transition to a low carbon economy presents considerable opportunities for Ireland, but also significant challenges.

## Key Considerations for the Corporate Sector

We believe that responding to climate change can dovetail with Ireland's economic recovery. Indeed we note the NESC analysis of policy options finds that there are considerable low-cost emissions abatement opportunities (for example, associated with building retrofit) which would create jobs in the hard hit construction sector, reduce Ireland's dependence on fossil fuels, and provide a range of ancillary advantages for the country.<sup>2</sup> We furthermore note that developing and implementing the policies outlined by NESC face intractable challenges. These issues require focused consideration, political leadership and the allocation of considerable administrative resources. Within this context, it is the view of Irish Corporate Leaders that a legislative act could potentially provide several positives.

First, a legislative act has the potential to provide policy and regulatory certainty to the private sector: investors and businesses. The OECD,<sup>3</sup> for example, find that clear, long term vision and targets are a vital prerequisite for creating an investment grade policy framework necessary to underpin the transition to a low-carbon economy.

Second, a legislative act can increase the probability that an optimal policy mix is selected and implemented in a timely fashion, from amid a range of competing alternatives. This would maximize

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<sup>1</sup> Response of Corporate Leaders on Climate Change to Government consultation on climate legislation and policy. Collated response of Irish Corporate Leaders on Climate Change to the public consultation process held by the Department of the Environment, April 2012.

<sup>2</sup> *NESC (2012) Towards a New National Climate Policy: Interim Report of the NESC Secretariat, See Chapter 4.*

<sup>3</sup> See:

[http://search.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ENV/WKP\(2012\)7&docLanguage=En](http://search.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ENV/WKP(2012)7&docLanguage=En)

the opportunities associated with Ireland's transition to a low carbon economy, and minimize the cost for the country. A legislative act can achieve this objective by ensuring that an Ireland Inc. perspective is considered, and a strategic medium- to long-term perspective is incorporated into policy making.

A range of other potential advantages may be associated with the development of a climate law, but the issues outlined above are those that directly impact on the cost of doing business in Ireland, and they will therefore be the focus of our submission.

## **The Heads**

Within the context of the key considerations outlined above, and drawing on the Irish Corporate Leaders previous submission to the Department of Environment's consultation on a climate legislation and policy (the submission), we analyse the Heads below.

### **Head 3: The National Vision for 2050**

The Irish Corporate Leaders welcome Head 3, which recognises Ireland's obligations under EU and international law. EU leaders have endorsed an 80 to 95% emissions reduction by 2050 on 1990 levels, in line with the scientific findings of the IPCC. The Irish Corporate Leaders have consistently called for a fair target for Ireland consistent with achieving this 2050 objective<sup>4</sup> to be incorporated into Irish legislation. This would underpin business and investor confidence, and ensure Ireland makes a fair contribution to global mitigations in line with what is required of developed countries.<sup>5</sup>

### **Head 5: The National and Sectoral Roadmaps**

The Irish Corporate Leaders welcome Head 5.1, which requires the Minister to "not less than once in every period of 7 years, make, and submit to the Government, a plan, which shall be known as a national low carbon roadmap". We furthermore endorse the objectives of this "low carbon roadmap" set out in Head 5.4, and in particular the comprehensive list of factors that must be considered in developing the national roadmap (Head 5.10). In our previous submission, we expressed the view that the Bill should provide for the on-going setting of legally-binding five-year targets between now and 2050, in order that a medium term framework is incorporated into decision making. We would therefore call for national roadmaps to be revised every 5 years. These roadmaps should include mitigation (and other) objectives, with associated metrics to facilitate clear benchmarking of progress.

We note, moreover, that in Head 5.2(c) that the Minister is required to take account of sectoral roadmaps when developing the national roadmap, while the role of the Expert Advisory Body in this

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<sup>4</sup> See: <http://www.corporateleaders.ie/node/6>

<sup>5</sup> We note the recently published NESC working paper which evaluates methodologies to determine a fair and achievable target for Ireland. See: NESC (2013) Vision for Ireland: Evaluating the Options. Available: [http://files.nesc.ie/nesc\\_secretariat\\_papers/ClimateChange\\_No7\\_A%20Vision%20for%202050.pdf](http://files.nesc.ie/nesc_secretariat_papers/ClimateChange_No7_A%20Vision%20for%202050.pdf)

process is far less certain (it “may” be consulted, see Head 5.14). Yet, in developing the sectoral roadmaps, by comparison, there is no requirement to take account of the national roadmap, nor is there a requirement to consult the Expert Advisory Body in developing these sectoral roadmaps (again, it “may” be consulted). This creates a possibility that an Ireland Inc. perspective may not be adequately represented in sectoral roadmaps, which in turn would appear to be the predominant input into the national roadmap. This is perhaps not a recipe for developing an optimal policy mix.

As an alternative, and in order to optimise the policy mix, the development of a national roadmap might come first, with a central input required from the Expert Advisory Body. Under the auspices of a national roadmap, sectoral roadmaps could then be developed. In short, a national approach with a central input from and independent expert body is more likely to yield a coherent, strategic and optimal approach to policy making, thereby reducing costs to Ireland Inc. and ensuring that all associated opportunities are fully exploited.

### **Head 6, 7 & 8: The Expert Advisory Body**

The Irish Corporate Leaders welcome the proposed establishment of an Expert Advisory Group. We particularly welcome the function of the Expert Advisory body set out in Head 8.1, to provide an annual progress report to government on “achieving emissions reductions and furthering transition to a low carbon, climate resilient and environmentally sustainable economy”. As argued in our previous submission, this progress report should be made public in a timely fashion in order to inform and drive public debate. Head 8.3 states, however, that the Advisory Body must seek the consent of Government before publishing.

We further welcome the considerable power vested in the Expert Advisory Body to conduct periodic reviews, especially Head 9.2 which vests in the Advisory Body the power to conduct reviews of climate policy “that it considers appropriate”. As with the annual review, however, Head 9.7 requires governmental consent before such reviews are published.

As set out in Head 6, we welcome the absence of stakeholder representation from the Expert Advisory body. As argued in our previous submission, the independence and autonomy of this group are paramount. We believe therefore that the Board could function best if its membership is independent of existing agencies, with its secretariat in a position to draw on the expertise of these agencies.

One function of the Expert Advisory body is to advise government on the preparation of sectoral and national roadmaps (Head 7.1). Although as noted above, Government is not required, but “may” consult this body in the preparation of these vital strategy documents. In the explanatory note (page 23) under this Head it is stated that “this Head.....is designed to give as much flexibility and right of initiation as possible to the Body while maintaining the clear role of the Government and the Minister in public policymaking”. The Advisory body, however, is not granted the right of initiation in the policy process, as is made clear by our analysis of Heads 5 above. This right rests exclusively with government departments and the Minister. We would argue that the Expert Advisory Body should be mandated to prepare first draft of the national roadmap. These should be published and subject to consultation before being decided upon by Government and, ideally, adopted by the Dáil. This

would, we feel, strike a good balance between central government and the Advisory Body, which is clearly the objective, as set out in the extract from explanatory note quoted above.

## **Head 10: Annual Transition Reporting to Dáil Éireann**

The Irish Corporate Leaders welcome the comprehensive annual reporting requirements placed on both the Minister, and all Ministers who have prepared sectoral roadmaps under Head 10. We particularly welcome Head 10.2 (b) which places specific and comprehensive requirements on Ministers responsible for sectoral roadmaps as part of their annual statement of progress to the Dáil. We have consistently argued, however, for a central role for the Taoiseach in climate policy. His or her participation in the annual reporting of progress to the Dáil would send a message that responding to climate change is a political priority.

We welcome Head 10.3 which requires the Minister to bring forward additional measures where existing measures have not been sufficiently effective in meeting their stated purpose. We further welcome Head 10.5, which requires the Minister when deviating from advice of the Expert Body, to explain why he/she has done so. These provisions are strong, comprehensive, and should serve to considerably enhance public accountability across Government. Although as noted above, the weakness in the powers envisaged for the Expert Advisory Body, could result in its influence being peripheral in the annual transition statement (as in all other policy-making innovations introduced by the Heads).

## **Recommendations**

The recommendations from the Irish Corporate Leaders to the OJC are as follows:

- Incorporate into legislation a fair target for 2050 in line with achieving the scale of emissions reductions already agreed by EU leaders;
- Grant the advisory body the sole “right of initiative” for the national roadmap;
- Reduce the period of the national roadmaps from 7 to 5 years, and ensure that these roadmaps include clear targets so that progress can be effectively benchmarked;
- Require Ministers responsible for drafting sectoral roadmaps to consider the national roadmap, not vice versa;
- Mandate the Expert Advisory Body to publish its advice as a matter of course, and well in advance of Government policy decisions and debates in the Dáil;
- Ensure that the board of the Expert Advisory Body is independent of existing agencies, and that its secretariat is in a position to draw on their expertise; and
- Oblige the Minister and Taoiseach to consider the advice of the Expert Body provided in its annual progress report in his/her annual transition statement to the Dáil.

This submission is made by Irish Corporate Leaders on Climate Change through Lorraine Fitzgerald of the group's secretariat.



Lorraine Fitzgerald

30 April 2013