



*Independent research, challenging inequality and promoting a flourishing society*

28 Merrion Square North  
Dublin 2, Ireland. D02 AW80

Tel: +353 1 6169050

E: [contact@tasc.ie](mailto:contact@tasc.ie) W: [www.tasc.ie](http://www.tasc.ie)

## Opening Statement

# Cost of Climate Action in Ireland

Prepared by Seán McCabe, TASC Climate Justice Centre in advance of  
Select Committee on Budgetary Oversight meeting, 17<sup>th</sup> June, 2021

Thank you to the Chair and thank you to the Committee for allowing me the time to speak with you today.

The message that I would like to deliver today is that climate action should not be considered a budgetary burden. Quite the opposite. Climate action should be viewed as an unparalleled opportunity to build a shared prosperity across the Island of Ireland.

If we get this right, if we plan a successful post pandemic recovery built upon shared and inclusive climate action, we will allow communities all over the country to unlock their potential and uplift their horizons.

New opportunities for work will allow communities to hold on to young people who have returned home over the past year. The clubs and facilities closed long before the pandemic due to out migration and lack of numbers will reopen. Local businesses will prosper while issues of connectivity and sub-standard rural transport are swept aside.

If we get it right, the workers, the farmers, those of us who are understandably worried by the perception that climate action will be bad for their livelihood, or their community, or their way of life, will have their fears allayed.

They will see that their perspectives and knowledge is valued in designing the transition. With their leadership, existing systems that are causing genuine harm, will be dismantled in favour of a fairer, shared and sustainable prosperity.

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But none of this will happen by accident – it will need to be carefully planned. Significant resources will be required and yes, in the first instance it will be expensive. But the cost of inaction is incalculable.

Inaction, or insufficient or poorly planned action, will lead to catastrophe. It is hard to overstate the precarity of our situation. It will devastate our communities; it will claw at the fabric of our democracy, and it will bring hunger.

This is already happening - there are already men and women around the world telling us that they no longer know when to plant and harvest their crops because of the chaos of seasons fundamentally altered by a warming planet.

The fodder crisis in 2018 gave us some sense of what is ahead. That harsh winter and wet summer cost Irish farmers over €500 million, not to mention the damage done to mental health and wellbeing of families due to the stress of that crisis. We are potentially only two decades, maybe less, away from such a crisis repeating ever year or so.

This doesn't have to be our fate. There exists a remarkable opportunity to undertake transformative climate action in the wake of the COVID-19 pandemic. While the pandemic response has brought with it rising public indebtedness, borrowing costs remain exceptionally low.

We should recognise this as the opportunity that it is. We should use favourable financing conditions to finance debt for climate action at rates close to zero.

There is no evidence that borrowing at zero rates is a drag on the economy. On the contrary, evidence shows debt can generate growth if invested. And the need for meaningful climate action gives us plenty to invest in.

The most recent Stability Programme Update shows the burden of servicing our debt is set to fall in the coming years. Despite the fallout from Covid, Debt service payments are set to fall to 1.3% of GNI\* in 2025, lower than at any other period in the history of the state. Current global financing conditions provide an unprecedented opportunity to address long-standing environmental challenges.

The climate crisis requires state-led green industrial and innovation policy supported by unprecedented capital investment. Given the scale of the climate crisis, a state-led investment approach should now be prioritised over any efforts to reduce or eliminate the current deficit.

And this state-led approach should design a just transition predicated upon putting the productive assets of climate action, and its supply chains, into the control of communities so that they can lead their own development. This would be truly transformative.

It can be done by adopting a community wealth building approach to climate action. Now is the time to give communities ownership of the new climate economy. Give communities windmills and solar farms so that they can use the returns to develop community centres and sports clubs.

Create new cooperatives for retrofitting or the roll out of agroforestry so that the jobs become about more than a paycheque. Climate cooperatives will build a new identity and become a new chapter in the story of place across the island. Use climate action to democratise local economies and distribute power more fairly between the local and the national, the producer, the consumer and the middleman.

Allow communities to meaningfully access the benefits of climate action and then witness the social value it will return.

Finally, we must use climate action to tackle poverty. In the first instance this is achieved by ensuring that climate action doesn't further impoverish people or widen the gap between the haves and the have nots. The cost of climate action – the cost of retrofitting or the switch to renewable energy should not fall on those who can least afford it. It is essential that we poverty proof all climate policies.

The conversation about whether climate action is affordable or not needs to end. Across the world multi-national corporations are transforming their business models as they recognise that the benefits of climate action are greater than ever before. While they mobilise, the cost of inaction continues to mount.

If we delay, bogged down in quarrelling about the minor expenses, we will miss the bigger, transformative picture. The potential for climate action to tackle inequality and bring prosperity to communities across Ireland will be sold off to a primed private sector and we will be paying a premium to buy back the wind and sunlight.

Thank you.

**Seán McCabe**

**Executive Manager, TASC Climate Justice Centre**

**28 Merrion Square North, Dublin 2, Ireland. D02 AW80 | +353 1 6169050 | [smccabe@tasc.ie](mailto:smccabe@tasc.ie)**