



Society of St. Vincent de Paul

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# CARBON TAX & ENERGY POVERTY

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Submission to the Joint Committee on Climate Action September 2019

## Introduction

The Society of St. Vincent de Paul (SVP) welcome the opportunity to present to the Joint Committee on Climate Action on the issue of energy poverty. As the largest charity of social concern in Ireland, working to address energy poverty is a core aspect of our work – the solutions to which are closely related to tackling climate change.

It is of significant concern to SVP that poorer communities across the globe are more likely to experience the effects of climate change such as flooding and drought, and the UN estimate that climate change could push 120 million people into poverty by 2030. We are fully supportive of efforts to reduce our carbon emissions and understand that considerably more action is required to avoid environmental catastrophe. However, we believe that the cost of climate action must not fall disproportionately on low income households.

Our work across the country demonstrates that energy poverty remains a major issue affecting large volumes of households. According to the Survey of Income and Living Conditions, in 2017, almost 400,000 people went without heating due to costs. Last year, SVP spent more than €4 million on fuel and utilities for energy poor households and approximately 70% of this expenditure was on solid fuel and oil.

The combination of increased energy prices, poor quality housing and the persistence of low income significantly impacts on the household's SVP assists. Low income households in rural areas, those living in social housing and the private rented sector and one parent families are particularly exposed to the risk of energy poverty. SVP is concerned about the impact of carbon tax increases on these households.

Research by the ESRI has shown that an increase in the carbon tax, as it is currently designed, would hit low income households harder. Therefore, unless there is greater investment in income supports, public transport and energy efficiency schemes, low income households will have to absorb these costs as they are unable to afford the switch to climate friendly alternatives. Energy poverty will increase as a result.

## Existing Supports for Energy Poor Households

SVP are concerned that energy unaffordability persists despite the availability of energy income supports and without accounting for any increases in carbon taxes. At current levels Fuel Allowance is insufficient to meet the cost of energy for people on low incomes. An additional week of Fuel Allowance was introduced in Budget 2019. This brought the payment to €630. However, it is still €200 less than 2010 in terms of purchasing parity as cuts to Fuel Allowance and subsequent price increases have resulted in a significant loss of value in real terms. Furthermore, Fuel Allowance is a highly means tested payment and if carbon taxes increase and a decision was made to offset it through this scheme, many people experiencing energy poverty would not be compensated.

We note the recent ESRI research that suggests that if carbon taxes are increased, recycling revenues via income tax and maximum social welfare rates is the most administratively straight forward and equitable option. However, increases in maximum social welfare rates to compensate for carbon tax increases must not be at the expense of advancing broader policy goals of improving income adequacy and reducing poverty.

In terms of energy efficiency schemes, SVP is supportive of the *Warmer Home Scheme* which is available to social welfare recipients who own their own home. This scheme may be a good option for older people who are homeowners but for low income households with children, it is more likely they are living in social housing or the private rented sector. SVP are concerned that if grants are enhanced without examining eligibility criteria or measures to support take up across tenure type, it will not be an effective mechanism for protecting vulnerable households from increases in the carbon tax. Furthermore, research from the Vincentian Partnership for Social Justice found that improvements in energy efficiency alone will not enable vulnerable households to afford their minimum energy needs. Even at the highest efficiency level examined, social welfare dependent households tended to remain in energy poverty due to income inadequacy.

Regarding transport, a lack of an integrated public transport system in rural areas has a significant impact on low income households' ability to afford a minimum essential standard of living. The development of the Rural Transport Scheme (Local Link) is welcome, however sustained and increased investment is required. We are concerned that the Climate Action Plan and Ireland 2040 does not include sufficient detail on how infrastructure to support these communities is achieved.

## Conclusion

Overall, current schemes for addressing energy poverty are limited and a large proportion of the Irish population continues to experience energy poverty. That's why Ireland needs an ambitious target, accompanied by supporting actions, to eliminate energy poverty by 2030. SVP would support the establishment of a Just Transition Fund in meeting this goal. This would ensure coherence across Goal 1 – No Poverty and Goal 13- Climate Action of the Sustainable Development Goals.

If Ireland is to be successful in addressing both climate change and energy poverty, the Government need to see both issues as being on two sides of the same coin and, critically, of equal importance. Without addressing energy poverty, it will not be possible to meet our climate obligations, as energy poor households will be unable to change their behaviours in response to measures such as an increase in carbon tax. This will lead to longer term social, health, environmental and economic costs in the future.

Our Budget 2020 submission proposals (outlined in Annex 1) includes a range of measures that would be initial steps in tackling energy poverty, including the provision of Community Energy Advisors, increased investment in the retrofit of social housing, measures to support the introduction of minimum energy efficiency standards in the private rented sector and investment in the Rural Transport Programme.

In conclusion, if energy poverty is eliminated it will not only improve the living standards of low income households, it will also upgrade the energy efficiency and quality of our housing stock, reduce health related costs and, importantly, help tackle climate change.

## Annex

**SVP's pre-budget submission 2020 recommends the following measures are implemented to combat energy poverty.<sup>1</sup>**

- Pilot an initiative of Community Energy Advisors working in partnership with the Sustainable Energy Authority of Ireland (SEAI) to engage and inform hard to reach energy users who would most benefit from energy efficiency schemes across all housing tenures.
- Ensure sufficient funding is available to allow Local Authorities to complete the energy retrofitting of social housing stock, with the objective of upgrading all existing stock in the next four years. Set a target, with the requisite level of resources for deep retrofits, for all local authority housing to reach a BER rating of B2 or more by 2030.
- Publish a strategy for introducing minimum efficiency standards in the private rented sector which sets a target date by which all accommodation will meet and energy rating of least C or higher by 2030. Minimum standards should be implemented alongside an awareness raising campaign, incentives for landlords that are conditional on enhanced security, and increased funding for inspections and enforcement. In the mid-term the Department of Housing, Planning and Local Government should work with the Department of Communications, Climate Action and Environment and extend the Warmer Home Scheme to landlords who agree to rent their properties to HAP tenants with a 5 to 10-year lease.
- Increase the Fuel Allowance to a value of €830 to restore purchasing power to 2010 levels. This can be achieved by increasing the rate to €25.95 per week and reintroducing the 32 weeks payment period.
- Invest in the Rural Transport Programme, increasing the range of public transport options, promoting social inclusion for those in rural areas, and incentivising greater public transport usage.

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<sup>1</sup> The Society of St Vincent de Paul (2019) Investing in a Just Society: Pre Budget Submission 2020  
<https://www.svp.ie/getdoc/87b4f842-3adf-4a1d-a9e3-021f1fb4163c/investing-in-a-just-society.aspx>

## About the Society of St. Vincent de Paul

The Society of St Vincent de Paul exists to fight poverty in its various forms. We work for social justice and the creation of a more just, caring nation. Through our wide range of services, from household visitation to premises-based local services, we provide practical support to people in need. Established in 1844 we are the largest, voluntary, charitable organisation in Ireland with 11,000 members, 4,500 volunteers and 750 staff. SVP is a volunteer-based, volunteer-led organisation.

### Special works:

- Shops: 199, 4,500 volunteers, sales of €28 million for 2016
- Emergency accommodation: 10 units, 300 beds, 147 staff. Located in Longford, Carlow, Limerick, Wexford, Waterford, Ennis, Cork, Letterkenny
- Social housing: 1,000 units, 740 volunteers, 14 staff
- Resource centres: 7. Dublin, Ballina, Castleisland, Cavan, Carrigtowhill, Tuam, Galway
- Prison visitor centres: 3
- Children's/Young Adult Services: 6 youth clubs in Dublin, residential breaks in Sunshine House and Knockadoon, Early Childhood services in Dublin, Waterford, Lurgan, Belfast, Carrigtowhill, Castleisland.
- Day centres for older people, various meals on wheels services, Seafarer's Club in Dublin