

Climate Conversation - Climate Action Plan 2021

Department of the Environment, Climate
and Communications

May 2021

**Society of St Vincent de Paul
National Office
91/92 Sean McDermott St.
Dublin 1**



Responses to select questions.

Carbon pricing and cross-cutting measures

Question 2. What supporting policies might be required to offset the impact of any taxation changes on low income households or those most at risk from fuel poverty?

Currently, revenue from the carbon tax is partially directed towards energy poverty alleviation. Following Budget 2021 this includes social protection measures and investment in residential and community energy efficiency. This is welcomed by SVP as important mitigation against rising costs. However, we are concerned that there are gaps in the strategy to target those most in need of assistance and this means the progressive nature of the revenue use is compromised. Additionally, we are concerned that using the social protection system to offset carbon tax increases may compromise the advancement of the broader policy goals of improving income adequacy and reducing poverty as instead it focusses on offsetting one particular rising cost, rather than addressing the overall income inadequacy gap that persists.

We recommend four policies that would contribute to offsetting the impact of increasing carbon pricing and other taxation changes that push up energy costs. These recommendations intend to support people with the immediate difficulty of rising prices, as well as supporting the long-term prevention of energy poverty. Both immediate support and long-term prevention is needed.

The recommendations are: changes to the Fuel Allowance; considering the introduction of a social tariff for energy; ensuring retrofitting support reaches all those who need it; introducing Community Energy Advisors.

1) Changes to the Fuel Allowance.

The Fuel allowance is currently the main financial support for those in energy poverty and provides a vital safety net to allow people to pay for their energy needs. It is also one of the main routes through which carbon tax revenue is directed towards energy poverty alleviation. However, current eligibility means it does not reach all those who require it. We recommend that the Fuel Allowance is extended to those on the Working Family Payment and for those on Jobseekers Payments for less than a year. Additionally, in order to reach adequacy, we recommend the payment is provided for 32 weeks of the year.

2) Considering a social tariff for energy.

We would like to see a long-term preventative approach to mitigating the impact of the carbon tax on those in poverty and energy poverty. In our opinion this should prioritise removing the burden of carbon taxation from those groups in the first place where possible. We believe that a social energy tariff could be an efficient and effective route to do this, and recommend the government carries out a feasibility study of the impact on the Irish market to see how a social tariff could remove some of the burden of energy costs, including environmental taxes, from low-income households.

3) Retrofitting

The National Retrofitting Plan must explicitly recognise reducing energy poverty as an objective and target the deep retrofitting of social tenancies and improvements in the Private Rented Sector to at least BER grade B2 by 2030. Minimum standards in the PRS should be implemented alongside an awareness-raising campaign, incentives for landlords that are conditional on enhanced security of tenure and increased funding for inspections and enforcement. We also recommend that tenants in the private rented sector could be eligible for Better Energy Warmer Homes grants if they receive Housing Assistance Payments, provided they have a secure tenancy.

4) Introducing Community Energy Advisors

In order to support low-income households and those in energy poverty through the green energy transition, we recommend establishing a service of local community

energy advisors working in partnership with the Sustainable Energy Authority of Ireland.

As things stands, there are various supports for different households or housing providers to improve energy efficiency. Unfortunately, there are still groups who are not being reached and who remain vulnerable to poor quality homes and energy poverty. To reach those households who are currently least able to avail of existing schemes and most vulnerable to energy poverty, we must design a programme that is as inclusive as it is ambitious.

To do this, Community Energy Advisors would engage and inform hard to reach energy users who would most benefit from energy efficiency upgrades across all tenure types. This advice service should approach energy poverty holistically and offer support through immediate assistance and quick-fix measures as well as supporting households through larger retrofitting projects.

Built Environment

Can Ireland exceed the target of retrofitting 500,000 homes by 2030? If so, how?

As discussed above, the pool of housing in the private rented sector – and particularly focussing on those in energy poverty in the private rented sector who are most vulnerable to energy costs – represent an opportunity to retrofit more homes, as does increasing the pace of retrofitting in social housing properties.

In the private rented sector, tenants are subject to a split incentive between Landlord and tenant, with the property owner having the responsibility to improve energy efficiency if they wish to, and tenants being responsible for energy bills. This means that without government intervention, private tenants, and particularly those in energy poverty, stand to miss out on energy efficiency improvements and the positive impact this could have financially, and on mental and physical health. Supporting policies and regulations need to be in place to overcome the split incentive. This includes progressively introducing minimum BER requirements to reach BER level B2 by 2030 and providing financial support through SEAI

programmes that target energy poverty to support landlords of tenants in receipt of Housing Assistance Payments (contingent on tenant protections to ensure rents are not subsequently raised or tenants displaced). To do this in a way that doesn't risk tenants facing increased costs of displacement, protections need to be put in place that could include funding being contingent on security of tenure.

SVP welcome recent announcements about funding for retrofitting social housing, including funding for deeper retrofits. However, the announcements indicate approximately 36,500 social housing units will be retrofitted as part of the overall 500,000 at BER B2 target by 2030. This amounts to approximately 25% of the total number of households renting from a local authority (<https://www.cso.ie/en/releasesandpublications/ep/p-cp1hii/cp1hii/tr/>). In order to create a truly just transition we need to see a more ambitious target for the deep retrofit of social housing by 2030. This would protect those on the lowest incomes from the impacts of energy costs and energy poverty, as well as being a sound investment in state

Transport

Question 4. What additional measures should be considered to promote greater use of public transport of active mobility options?

As part of the just transition we need to ensure that low-income households can access a well-connected and affordable system of public transport, particularly those living in rural areas. This would tackle the challenges many low-income households face regarding lack of affordable transport to reach employment and other engagements, would increase the proportion of travel that is environmentally sustainable, and would also contribute to greater work opportunities in rural areas through direct employment opportunities within the public transport system as well as potential multiplier and knock-on effects to local economies.

Rural households have to rely on private cars in order to reach public services, employment opportunities, healthcare and recreational activities. This is a key

challenge for policy makers. For rural households' private transport is a minimum need, as identified in the Vincentian Partnership for Social Justice's Budget Standards Research. Their research finds that car related costs (fuel, maintenance, insurance, etc.) add an additional €59 per week (www.budgeting.ie). The development of Rural Transport Scheme (Local Link) and the commitments to improve rural transport programme in the new rural development plan, Our Rural Future, is welcome, however sustained and increased investment is required to provide a truly accessible and affordable service to those who would benefit most from it. We recommend developing a budget line to implement the rural transport commitments set out in Our Rural Future, thereby increasing the range of public transport options, promoting social inclusion for those in rural areas, and incentivising greater public transport usage.

Just Transition

Question 1. Which regions, sectors or industries do you believe will be most adversely affected by climate policy in Ireland and over what timeframe?

SVP are concerned about the impact of rising fuel costs on low-income rural households who are very vulnerable to rising costs of both transport and energy.

In terms of energy costs, low-income households must be protected from increases associated with carbon taxes and environmental levies and supported to benefit from the opportunities presented by energy efficiency. For households reliant on solid fuel or oil to heat their home, it is vital that the Fuel Allowance is set at an adequate level and reaches all who need it. We recommend that the Fuel Allowance is extended to those on the Working Family Payment and for those on Jobseekers Payments for less than a year. Additionally, in order to reach adequacy, we recommend the payment is provided for 32 weeks of the year.

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Question 2. What types of supporting interventions should be considered by the Government to address the specific areas identified?

In order to address the concerns outlined above, all climate policy must be poverty proofed, as well as implementing the specific policy recommendations outlined fully in response to question 4. Poverty proofing climate policy would include government departments, local authorities and State agencies assessing policies and programmes at design, implementation and review stages in relation to the likely impact that they will have, or have had, on poverty. Under the Roadmap for Social Inclusion 2020-2025 there is a commitment to retain this process as important part of the regulatory impact assessment process. Importantly, the assessment of impacts of policies on poverty should form an integral part of the policy making process, rather than an exercise which takes place after a policy has been adopted. Without mainstreaming of poverty reduction into economic and public expenditure policy, our

best efforts are likely to be blunted. The importance of poverty proofing is outlined fully in response to question 8.

Question 3. What specific measures should Government undertake in order to realise the benefits of the low carbon transition, including in relation to supporting the development of low carbon sectors of the economy, including employment in these sectors?

In order to realise the benefits of the low carbon transition, investment in public services and local economies is needed. This investment will lead to increased resilience and ability to adapt to challenges both foreseen and unforeseen.

Foundational economy

Low carbon sectors also include the foundational economy – the services that meet our essential needs and safeguard our standard of living such as healthcare, education, housing, social care, transport, energy, food production and distribution, construction, high street retail, etc. As recognised during the pandemic, these services and workers – employed in the public sector and in enterprise or the community and voluntary sector - are key to our everyday lives. Investment in the foundational economy to boost the level and reach of public services should form a key part of the vision of a greener economy. For example, increasing investment in an affordable public transport system across Ireland tackles the climate footprint of transport, creates employment opportunities (both directly and as a knock on), increases the viability of rural areas, and provides a public service that is vital for those on low incomes.

Internationally, the Welsh Government has offered funding to organisations operating in the Foundational Economy (that are defined as “basic services and products. People rely on these services and products and they keep us safe, sound and civilised”) in order to support medium sized, locally embedded enterprise that also support social value within procurement. Please see here:

<https://gov.wales/foundational-economy>

Community wealth building

This significant spend by Government on the low carbon transition should be used to build the long-term assets and prosperity of communities. The Government should learn from national and international best practice on community wealth building to retain the benefits of investment locally through progressive procurement policies that prioritise local firms that pay a Living Wage and provide high quality employment, and boosting the capacity of local ‘anchor institutions’ such as colleges or hospitals. The potential of Community Wealth Building in a rural transition has been explored by TASC: https://www.tasc.ie/assets/files/pdf/feps-tasc_the_peoples_transition_-_2020f.pdf

Question 4. What specific investments should be considered to support a just transition in Ireland?

Below we will detail two specific investment areas that should be prioritised as part of a just transition. However, it is vital we that poverty proof all climate policy to make sure that there are not unintended consequences – this point will be elaborated in our response to question 8. Adequate investment in all public services is vital to realising a truly just transition. We will answer specifically about the social welfare system in a later answer, but investment in other public services including education, healthcare, social care, food production and distribution, all increase the resilience of local economies and communities. Without adequate overall investment in public services, tackling certain challenges in isolation will be less efficient and less effective.

To tackle energy poverty:

SVP believes that the transition to a green, low carbon energy system must be harnessed to end energy poverty. It is estimated that energy poverty (measured as spending 10 per cent or more of a household’s disposable income on energy) affects one in six households in Ireland. In 2019 (the last year for which we have SILC data), 4.9 % of the population were unable to keep their homes adequately warm²⁴ – rising to 12.1% of single parent families. Of the people in poverty in Ireland, 15.2% could not keep their homes warm enough, an increase of almost 4 percentage points from

the previous year. In addition, 8.9% of households were in arrears on their utility bills – for single parent families 22.1 per cent were behind on utility bills. These figures show what we regularly see at SVP, that there are many households who are forced to live on incomes that do not meet the cost of living and that is reflected in people going without the basics they need.

The specific investments we recommend to support a just transition include: energy poverty targets; changes to the Fuel Allowance; considering the introduction of a social tariff for energy; ensuring retrofitting support reaches all those who need it; introducing Community Energy Advisors; investing in research that generates energy poverty data

1) Energy poverty targets.

Set a baseline for energy poverty reduction using the methodology outlined in the Strategy to Combat Energy Poverty. Set an ambitious target to reduce energy poverty from this baseline to 5% or less by 2030. Monitor progress on an annual basis with complementary measures from the Survey of Income and Living Conditions (proportion of the population in utility arrears, unable to keep house adequately warm, and/or who went without heating due to cost). Alongside Ireland's Climate Action targets, these poverty reduction targets should be made legally binding

2) Changes to the Fuel Allowance.

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4) Retrofitting

Retrofitting some properties, while other households are ineligible for support, risks creating a widening gap in housing standards and therefore protections from energy poverty. The aim of policy should be to alleviate this gap in the shortest possible timeframe. In terms of retrofitting, the lack of strategy for the private rented sector means that the growing numbers of households, including growing numbers of children, who rent privately, will make up an increasingly large proportion of those in energy poverty. The previous Climate Action Plan committed (173) to 'Review ways to improve how current energy poverty schemes target those most in need'. We believe this Climate Action Plan must present a plan for renters to be included in the Just Transition.

The National Retrofitting Plan must explicitly recognise reducing energy poverty as an objective and target the deep retrofitting of social tenancies and improvements in the Private Rented Sector to at least BER grade B2 by 2030. Minimum standards in the PRS should be implemented alongside an awareness-raising campaign, incentives for landlords that are conditional on enhanced security of tenure and increased funding for inspections and enforcement. We also recommend that tenants in the private rented sector could be eligible for Better Energy Warmer Homes grants if they receive Housing Assistance Payments, provided they have a secure tenancy.

5) Introducing Community Energy Advisors

In order to support low-income households and those in energy poverty through the green energy transition, we recommend establishing a service of local community energy advisors working in partnership with the Sustainable Energy Authority of Ireland.

As things stands, there are various supports for different households or housing providers to improve energy efficiency. Unfortunately, there are still groups who are not being reached and who remain vulnerable to poor quality homes and energy poverty. To reach those households who are currently least able to avail of existing schemes and most vulnerable to energy poverty, we must design a programme that is as inclusive as it is ambitious.

To do this, Community Energy Advisors would engage and inform hard to reach energy users who would most benefit from energy efficiency upgrades across all tenure types. This advice service should approach energy poverty holistically and offer support through immediate assistance and quick-fix measures as well as supporting households through larger retrofitting projects.

6) Data availability.

Continue to invest in research to generate data at an individual level which links income, household energy expenditure/costs, energy related income support, dwelling type, BER rating and main heating fuel, to prioritise retrofitting and target income support.

To tackle accessible and affordable transport:

As part of the just transition we need to ensure that low-income households can access a well connected and affordable system of public transport, particularly those living in rural areas. This would tackle the challenges many low income face regarding lack of affordable transport to reach employment and other engagements, would increase the proportion of travel that is environmentally sustainable, and would also contribute to greater work opportunities in rural areas through direct employment opportunities within the public transport system (as well as potential multiplier and knock on effects to local economies).

Rural households have to rely on private cars in order to avail of public services, employment opportunities, healthcare and recreational activities is a key challenge for policy makers. For rural households' private transport is a minimum need, as identified in the Vincentian Partnership for Social Justice's Budget Standards Research. Their research finds that car related costs (fuel, maintenance, insurance, etc.) add an additional €59, per week. The development of Rural Transport Scheme (Local Link) and the commitments to improve rural transport programme in the new rural development plan, Our Rural Future, is welcome, however sustained and increased investment is required to provide a truly accessible and affordable service to those who would benefit most from it.

Question 5. How should the State finance just transition initiatives and investments?

Research commissioned by SVP in 2020 showed that the impact of poverty costs public services €4.5 billion per year. This research clearly demonstrated the importance of government investing now to save later – upfront spending that prevents poverty makes economic sense as well as responding to a moral imperative to end poverty in a wealthy country. This economic approach must be applied to the just transition, with decision-making focussed on long term, preventative approaches to poverty rather than building in a future cost. As we emerge from the pandemic it is vital there is no return to austerity, and that the need to transition to a low carbon economy is taken as an opportunity to invest in infrastructure improvements and more robust public services.

SVP recommend that all carbon tax revenue is ringfenced to address and end energy poverty and other measures that will guarantee a just transition.

Question 6. What changes should be considered in Ireland's social welfare system to support population cohorts that might be more adversely affected by the low carbon transition?

During the last year, the Covid pandemic has taught us valuable lessons about the importance of adequate social welfare provision and employment supports. The rapid response by Government to set up the Pandemic Employment Payment, an adequate and individualised payment, as well as the Temporary Wage Subsidy Scheme, demonstrated the importance of the government stepping in to support incomes and employment in the face of shared challenges. This readiness to act and robust provision must be mirrored in the coming decades as we face the realities of climate action. From SVP's point of view, the social welfare system needs to adapt to guarantee income adequacy, to respond to a changing world of work, and to protect people from rising energy costs.

Income adequacy:

At SVP we know that to successfully address and prevent poverty, we must guarantee income adequacy for those out of work and those in low paid work. Without income adequacy households must cut back on their essential needs including food, energy, household basics, transport, etc to balance the budget. This has significant long-term impacts, including on children growing up in poverty. Poverty must be ended in Ireland, and to do so we need to guarantee income adequacy. Income adequacy means having sufficient income to meet the actual cost of living in Ireland today: this is measured through the Minimum Essential Standard of Living (MESL) research carried out annually by the Vincentian Partnership for Social Justice. This is a robust measurement that allows changes in society to be reflected in the 'basket of goods' that calculate the minimum income amount: as we undertake significant climate action the MESL will reflect the savings that could be recouped through, for example, increased affordable public transport, retrofitting leading to lower energy costs.

The most recent Citizens Assembly included in their recommendations that 'Social protection services should: (a) Set social protection payments and/or supports at a

level that lifts people above the poverty line, prevents deprivation and supports an adequate standard of living.’ This demonstrates the public’s support for guaranteeing income adequacy.

In addition to guaranteeing income adequacy, social welfare must work with people (in employment and moving into work) to access high quality work that is sustainable for them, and support people to retrain and access education that allows them to benefit from emerging sectors. This includes: making sure social welfare eligibility and entitlement does not lead to gaps and cliff edges in income or access to supports for anyone at work or wishing to work; supporting people financially while they train or retrain; making sure employment services are responsive to local employment challenges and opportunities.

Energy costs:

Our full recommendations to respond to energy poverty have been outlined in question 4 of this section. Most pertinent to social welfare we recommend increasing and expanding eligibility for the fuel allowance, and working with DECC and the CRU to consider the potential of a social energy tariff:

1) Changes to the Fuel Allowance.

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prioritise removing the burden of carbon taxation from those groups in the first place where possible. We believe that a social energy tariff could be an efficient and effective route to do this, and recommend the government carries out a feasibility study of the impact on the Irish market to see how a social tariff could remove some of the burden of energy costs, including environmental taxes, from low-income households.

In summary, social welfare needs to provide a minimum guaranteed income which no one is expected to live below. This must apply to those in work, those not in work, and those navigating a balance of work and other forms of participation and responsibility. Adequate social welfare that is flexible to local and personal circumstances builds vital resilience in the face of challenges such as the transition to a low carbon economy. It will also save the government money in the prevention of poverty: the cost of poverty to public services is calculated at €4.5 billion euro per year (<https://www.svp.ie/news-media/publications/social-justice-publications/the-hidden-cost-of-poverty.aspx>)

Question 7. Are there specific issues for consideration in Ireland's further education, training and skills system?

As we transition to a low carbon economy, the opportunity for education, training and retraining, and skills development is significant, and offers pathways to sustainable, quality employment opportunities to many.

To ensure these opportunities are fully open to people including those on a low income, financial support as well as guidance must be available to people. SVP membership sees that education and training are vital in allowing people to leave poverty, but to do so people require initial support in the form of adequate financial provision that recognises their circumstances (for example in relation to the SUSI grant scheme: opportunities to learn part-time, appropriate income thresholds, and the interaction between the SUSI grant and social welfare). SVP have submitted comprehensive recommendations on the SUSI scheme here:

<https://www.svp.ie/news-media/submissions/access-to-services/svp-submission-on-susi-review-april-2021.aspx>

It has been noted that there will be a higher level of job loss as a result of moving away from carbon intensive industries in regions which are already economically depressed

(https://www.nerinstitute.net/sites/default/files/research/2019/working%20paper%20series%20no%2065_final.pdf). Workers in those regions and sectors that stand to face the biggest changes must be guaranteed the opportunity to move into alternative high quality jobs. In the first instance internal redeployment should be prioritised with continuity of employment maintained, followed by providing retraining to access new opportunities (ibid.) In all instances maintaining worker's standard of living is paramount in order to avoid an increase in poverty.

Question 8. What other issues should be considered by the Government to inform just transition policy in the 2021 Climate Action Plan?

A transition that is as wide-ranging as is needed will have an impact on many groups. We have addressed certain specific interventions in our answers, but we also want to emphasise the need for policy design processes that safeguard the most vulnerable in all policy making. Embedded in climate action (and across government policy) we recommend placing poverty proofing and equality budgeting on a statutory footing to ensure all policies and programmes at design and implementation are assessed in relation to their likely impact on people living in poverty.

Poverty proofing or Poverty Impact Assessment is the process by which government departments, local authorities and State agencies assess policies and programmes at design, implementation and review stages in relation to the likely impact that they will have, or have had, on poverty. Under the Roadmap for Social Inclusion 2020-2025 there is a commitment to retain this process as important part of the regulatory impact assessment process. Importantly, the assessment of impacts of policies on poverty should form an integral part of the policy making process, rather than an exercise which takes place after a policy has been adopted.

Since its introduction over 20 years ago, poverty proofing has been weak and poorly implemented. The Social Impact Assessment produced by the Department of Social Protection pre- and post-budget is important. However, it is still very difficult to assess the impact that increased Government spending on public services and broader economic policy has on different groups. All Government Departments need to produce an assessment of measures which relate to their own areas so that we can see the impact of all policy and budgetary decisions.

Economic policies affect existing distributive relational and institutional structures and as such have poverty and social outcomes. Fiscal policies, taxation, inflation and labour market policies effect people in poverty in different ways and policies will not be sustainable if they are not equitable. Without mainstreaming of poverty reduction into economic and public expenditure policy, our best efforts are likely to be blunted.