

Fuel Poverty and Policy: Ireland in the EU Context

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Outline of Presentation

- Policy context
- Fuel poverty national longitudinal results
- Comparative analysis
- Socio-economic & socio-demographic results
- Severity of experience
- Policy blockages
- Policy implications
- International policy responses
- Policy recommendations

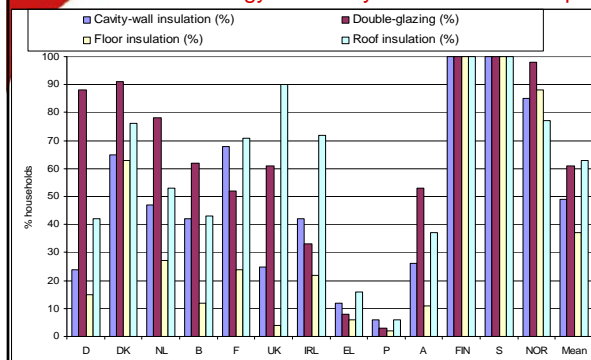
Fuel Poverty: Some Definitions

- The inability to attain adequate household warmth for 10% of household income (Boardman, 1991)
- The inability to heat the home to an adequate (safe, comfortable) temperature due to low household income and poor domestic energy efficiency (Clinch and Healy, 1999)

Policy Context

1. Ownership levels of domestic energy-efficiency measures relatively low

Domestic Energy-Efficiency Standards in Europe



Irish Energy-Efficiency Standards % Households 1996-2001

	1996	1998	2001
• Lagging jacket		64	86
• Floor insulation	22	24	25
• Roof insulation	72	72	78
• Wall insulation	42	42	42
• Double glazing	33	37	64
• Draught stripping		37	40
• Low-energy light bulbs			29
• Central heating	74	80	86

Policy Context (cont.)

2. Fuel poverty *thought to be* highest in Anglo-Saxon countries

Lack of comparable international data

Policy Context (cont.)

3. Excess fuel consumption results in excess environmental emissions

- CO₂
- SO₂
- NO_x
- PM₁₀

Policy Context (cont.)

4. Environmental policy agreements

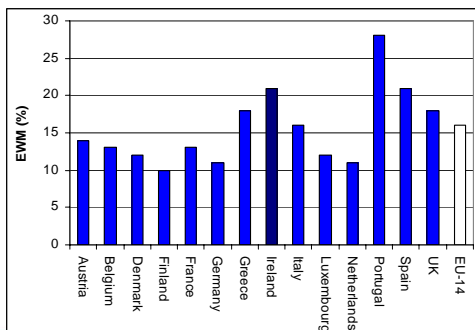
- Kyoto
- Gothenburg

Policy Context (cont.)

5. Adverse health effects

- Excess winter mortality
- Excess winter morbidity

Excess Winter Mortality (Mean, 1988-97)

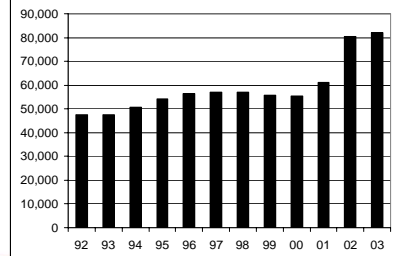


Policy Context (cont.)

6. Rising outlay on fuel allowance

- 270,000 households

Expenditure on the Fuel Allowance in Ireland 1992-2003 (€'000)



Fuel Poverty Comparison: Methodology

- Newly developed 'Consensual' approach
- ECHP data, 1994-2000
- UCD national household survey, 2001
- Suite of subjective and objective indicators (socially perceived necessities)
- Severity of experience
- Persistence
- Socio-economic analysis

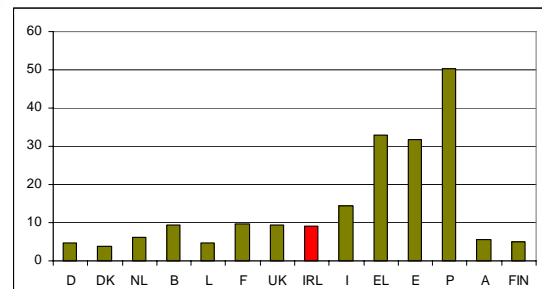
Data

- ECHP longitudinal data (1994-2000) (N=60,000)
- UCD UII NHS (2001) (N=1,500)
- Subjective and objective indicators (ECHP)
 - Households unable to heat home adequately
 - Households unable to pay utility bills during past year
 - Households without central heating/electric-storage heaters
 - Households with a lack of heating facilities
 - Households with damp walls or floors
 - Households with rotten window frames
- Composite
- Sensitivity Analysis
- "Ability to heat home adequately": 3-point response variable (UCD)

National Results (ECHP)

Indicator of fuel poverty	1994	1996	1998	2000	Mean	# Homes
Unable to heat home	8.0	5.9	6.5	5.1	6.4	70,400
Unable to pay utility bills	8.4	6.3	6.1	4.9	6.4	70,400
Inadequate heating facilities	9.6	7.4	7.6	7.0	7.9	86,900
Presence of damp	10.5	9.4	8.9	9.4	9.6	105,600
Lacking central heating	23.8	20.8	19.8	16.4	20.2	222,200
Rotten windows	8.9	6.4	7.0	6.7	7.3	80,300

Persistent Fuel Poverty in EU-14 (ECHP Composite Results)



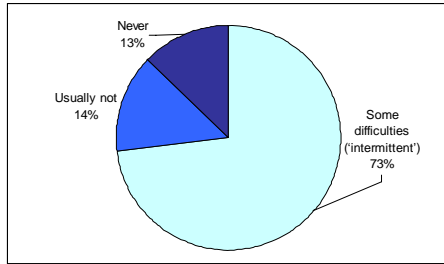
Severity of Fuel Poverty (2001): "Ability to Heat Home Adequately"

	% of households	No. households
1 Some difficulties ('intermittent')	12.7	165,000
2 Usually not	2.5	33,000
3 Never	2.2	29,000
'Chronic' fuel-poor (2+3)	4.7	62,000
Total fuel-poor (1+2+3)	17.4	227,000

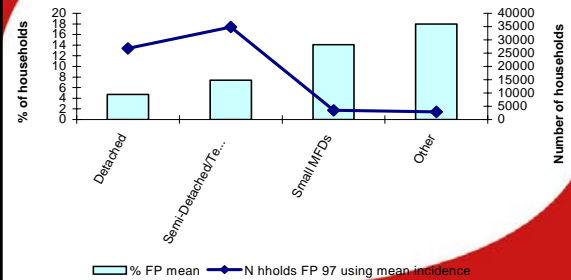
How Does This Compare?

- UCD self-reported measure: 17.4%
- CSO HBS quantitative definition: 20.7%

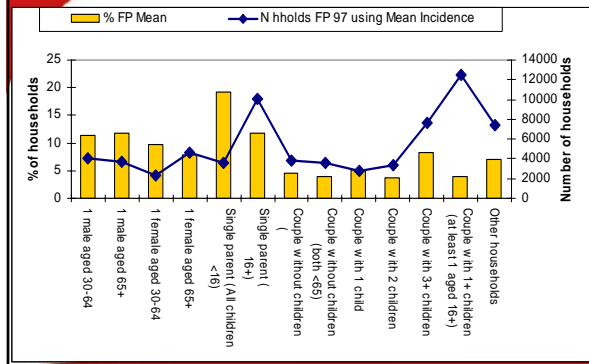
Persistent-v-Intermittent Fuel Poverty



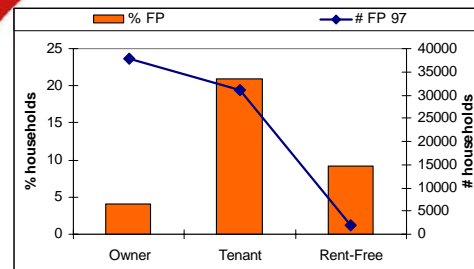
Persistent Fuel Poverty by House Type



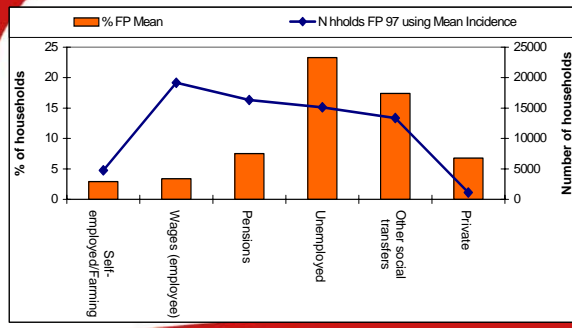
Persistent Fuel Poverty by Social Group



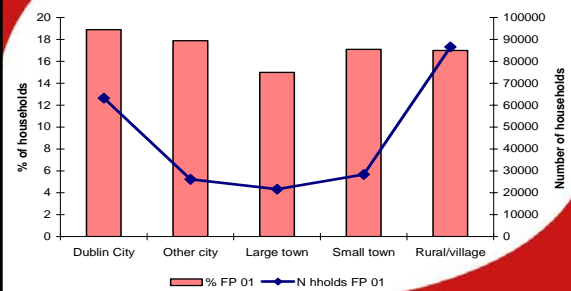
Persistent Fuel Poverty by Housing Tenure

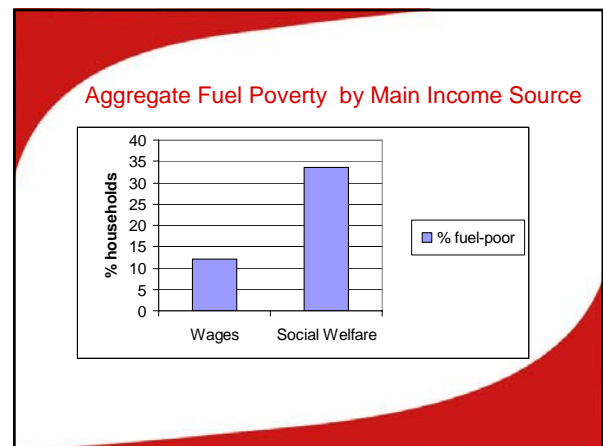
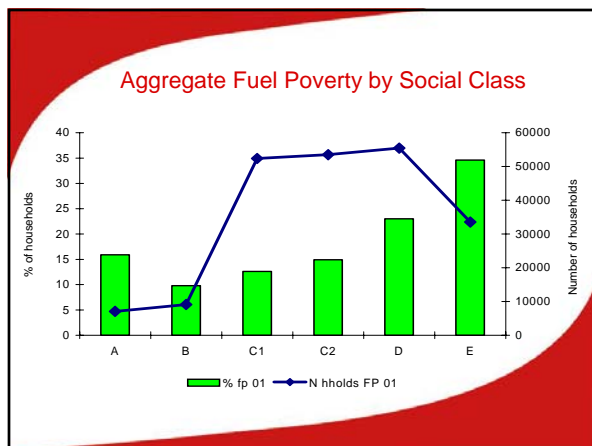
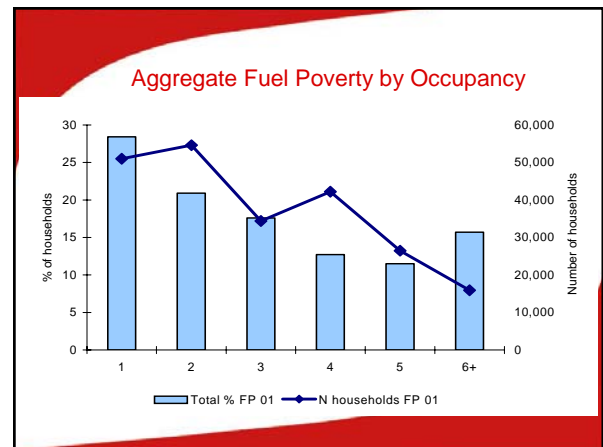
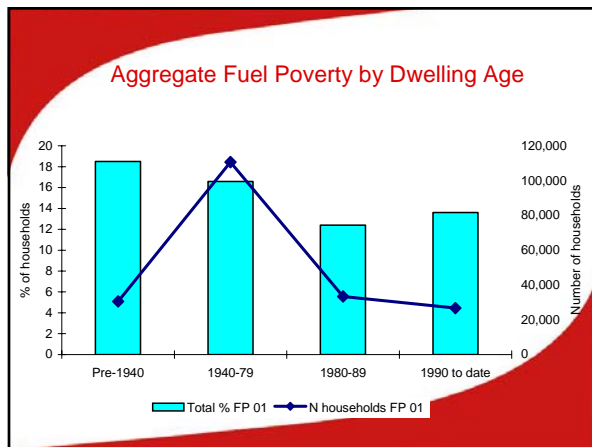
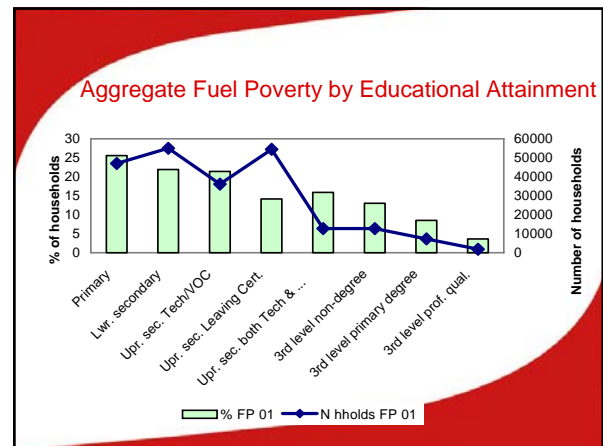
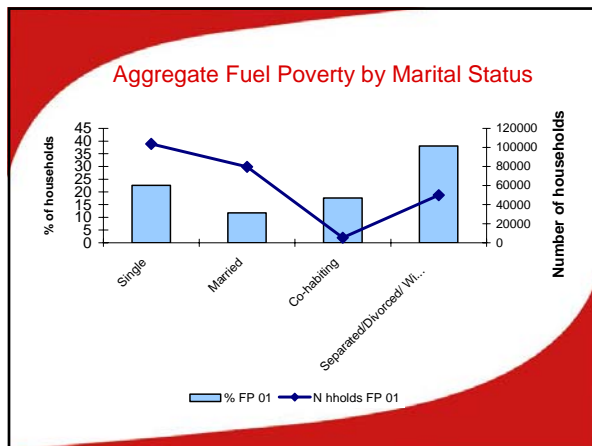


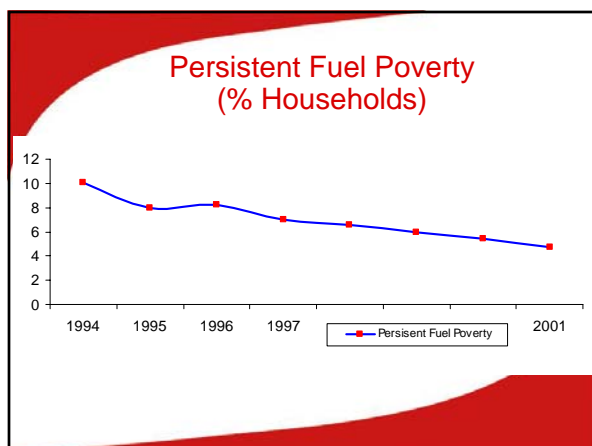
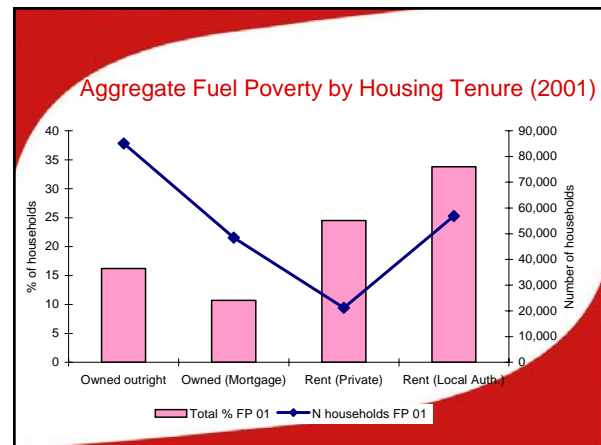
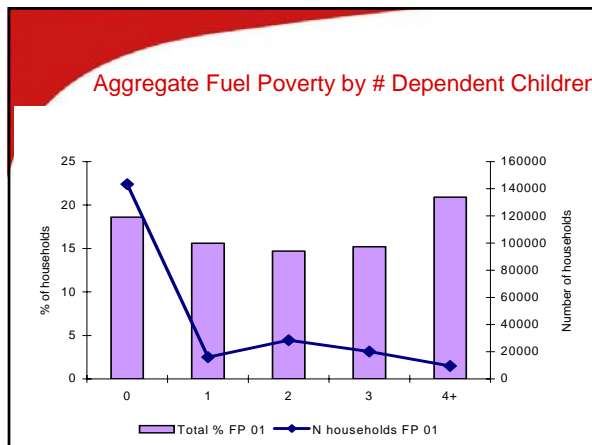
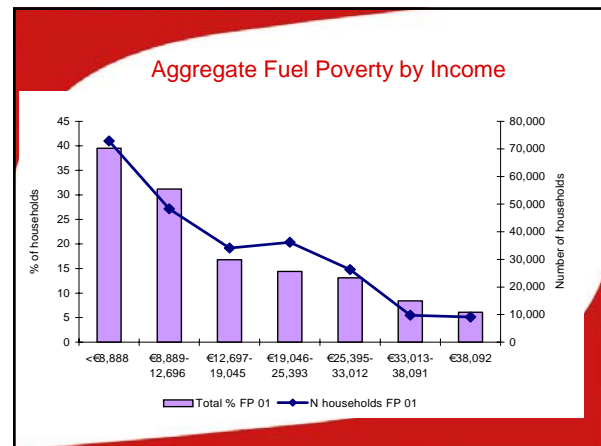
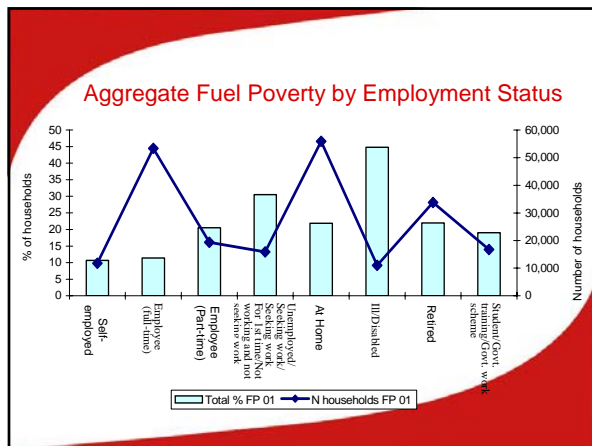
Persistent Fuel Poverty by Main Income Source



Aggregate Fuel Poverty by Location



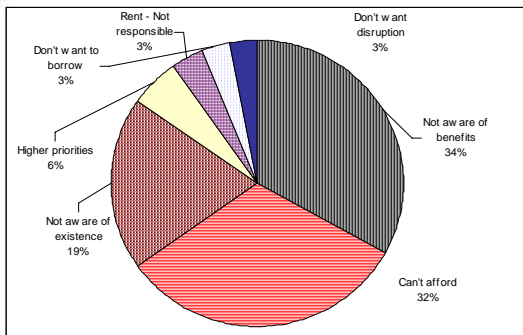




Summary

- Persistent fuel poverty fell 53% 1994-2001
- 227,000 homes (17.4%) suffer fuel poverty in 2001
- 27% persistent
- Household risk groups:
 - Lone parents (40.2%)
 - Low-income (39.5%)
 - Unskilled (34.6%)
 - LA tenants (33.8%)
 - Social-welfare recipients (33.6%)

Why Are Energy-Efficiency Standards Low?



Policy Responses in Selected Countries: The Exemplars

- **Denmark**
Grants to low-income households from 1975
Tax credits from late 1970s
- **Germany**
Grants and tax breaks in late 1970s
Information
- **Netherlands**
Ad hoc grants in early 1970s via national insulation programme
Energy tax 1990s to date
Info provision and strong technology-based R&D
- **Norway**
Stringent building regulations since 1960s
Tax breaks for owner-occupiers
Subsidisation of tenants in 1970s and 1980s

Policy Responses: Anglo-Saxon

- **Ireland**
Traditionally income subsidisation of poor homes
Ad hoc grant schemes in 1980s
Currently, information provision and rich voluntary and academic sector R&D input
Small low-income grant scheme introduced 2003
- **UK**
Building Regulation from late 1970s
Strong information provision
Comprehensive grant schemes for poor homes
Significant voluntary sector input
Seminal R&D

Policy Responses: The Laggards

- **Italy**
Limited grant aid and income supplements
- **France**
Voluntary sector involvement
Limited income supplements
- **USA**
Tax breaks and subsidisation of low-income homes via federal 'weatherisation' programmes
Building regulations since 1976

Policy Recommendations

1. **Implement national low-income energy-efficiency programme**
 - Prioritise double glazing, floor and cavity-wall insulation measures
 - Target 24,000 homes p.a. for 10 years @ cost of €45m p.a.
 - Private and social housing sectors included
2. **Raise revenue through carbon/energy tax**
 - 'Revenue recycling' to safeguard low-income households from inflationary price effects of carbon tax
 - Tapered (means-tested) partial and full-cost grants to low-income owner-occupier households (avoids 'free-riders')

Policy Recommendations (cont.)

3. **Regulate** to improve thermal standards in *private* rental sector which has highest poverty risk
4. **Social/housing remedial works programmes** to continue with additional funds as necessary
5. **Minimise transactions' costs** for high-income owner-occupiers
6. **Avoid tax credits:** risky, inefficient, regressive and unlikely in current economic climate
7. Strong State-led **information** campaign (SEI)

Policy Recommendations (cont.)

8. Retain current **fuel allowance**
Reduces severity of experience
Increase to compensate poor households if carbon tax introduced
9. '**Action research**' to demonstrate actual (*ex post*) benefits of retrofit (inter-institutional, cross-Border)
What about EU-25?
10. Leadership of programme through '**champion**' of energy efficiency and fuel poverty with State support (SEI)