



Irish Rural Link
Nasc Tuaithe na hÉireann

Irish Rural Link Submission to Consultation on the options for the use of Revenues Raised from Increases in Carbon Tax

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Contact
Seamus Boland or Louise Lennon



Department of Rural and
Community Development

*An Roinn Forbartha
Tuaithe agus Pobail*

Overview

Irish Rural Link (IRL) is the national network of rural community groups, representing over 600 groups and thousands of individuals committed to socially, environmentally and economically sustainable rural communities.

The advent of Climate change is no longer in dispute. Its consequences will affect communities all over the world, not least of all in Ireland and particular rural communities. Ireland must reduce its carbon emissions across all sectors but especially in Agriculture, which is the single biggest industry in rural Ireland. We will all need to change and adapt our current lifestyles in a way that will dramatically alter our lives. For some, these changes could dramatically change the way we farm, the way we heat our homes, how we travel or the types of employment that may be available.

Rural households are at greater risk of fuel poverty due to the nature of the rural housing stock, the types of fuels available, limited opportunities to switch to cheaper fuels such as gas or take advantage of bundle deals offered by gas and electricity suppliers. The SILC¹ report 2017² showed 22.5% of individuals 'at risk of poverty' went without heat at some stage during 2017 while 13.1% were unable to keep their home adequately warm. For those living in consistent poverty, these figures were much higher with over a half of individuals (51%) going without heat at some stage during the year and 30.2% unable to keep their home adequately warm.

In rural areas, the cost for such households or those barely making ends meet as is, will be greater. This is due mainly to the nature of the housing stock – take more fuel to heat and the dependency on the car. While a carbon tax is supposed to encourage the switch to cleaner fuels, electric vehicles and use public transport, this is not an option for many of the people living in rural areas because;

- a) Alternative fuels are not available to rural households – most homes, especially older housing stock are fuelled by oil, coal and peat. Many homes are not near Gas lines and the upfront cost of reconfiguring heating systems in the homes are too expensive for many households.
- b) The infrastructure for Electric cars is nowhere near substantial enough for people to be able to rely on them to switch from diesel cars (which is still the most economical car for long distance driving). Also the upfront cost of a new or even second hand electric and hybrid cars is too expensive for majority of people IRL represent.
- c) Use of public transport is not an option for people in rural areas as a robust public transport system does not exist and may never reach the standards needed for people not to be reliant on a car.

¹ SILC – Survey on Income and Living Conditions

² CSO (2019) – Survey on Income and Living Conditions (SILC) 2017

<https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2017/povertyanddeprivation/>

When Carbon tax was first introduced an analysis by the Economic and Social Research Institute (ESRI) showed costs to rural households were ten times more than some urban households. The Environmental Protection Agency (EPA) also showed rural households would pay excessively more than their urban counterparts with the annual carbon tax likely to be paid by someone living in inner-city Dublin would be €25 but people living in the countryside could face bills of up to €275.50.³

A more recent article from the ESRI also acknowledged carbon taxes can impact on energy affordability and income inequality among poorer and rural households because they spend a greater share of their income on fuel and energy. (ESRI, 2019)⁴

IRL welcome the opportunity to make a submission into this consultation on the use of revenues raised from increases in Carbon Tax however, we continue and will continue to call for a proper summit style dialogue happen between all of Government and all sectors – community and voluntary, agriculture, transport, energy, environmental, business – so meaningful solutions can be discussed and negotiated on.

Options for use of Increased Carbon Tax

While a number of options have been outlined in the consultation document, serious consideration must be given to how sustainable some are, especially when carbon tax take begins to decrease when those who can afford to make changes will no longer be paying it.

The last option listed, option i: 'Used by the Exchequer for general government expenditure should not be taken. The revenues raised must be ring-fenced to support vulnerable groups of people and those unable to afford to make changes. Investment must also be made in the infrastructure and supports to allow people to make the necessary changes to reduce their reliance on fossil fuels.

Option a. and e:

While increasing the fuel allowance to compensate those households likely to suffer from fuel poverty or return the proceeds by way of a dividend to citizens or households through the social welfare and/or tax system may limit the rise of energy poverty problem somewhat it will do nothing to reduce peoples' reliance on fossil fuels, especially in rural areas if the greener alternatives are not available or affordable to them. This would only be able to be a short term measure, as the revenues raised from carbon tax will decrease when those who can afford to make changes to cleaner energy and heating, meaning those least able to afford it will be faced with increasing carbon tax to make up the short fall.

³ “STRIVE- Science and Sustainability- Research based knowledge for Environmental Protection” EPA and ESRI 2010

⁴ Tovar Reanos M.A & Lynch, M. (2019) ‘ESRI Special Article: *Carbon Taxation in Ireland: Distributional effects of revenue recycling policies*’

IRL would also be concerned that such an option will see a repeat of the whole water charge debacle when customers were reimbursed the payments they made.

Option b. Enhance the current grants towards the cost of energy efficiency improvements in the homes of those most vulnerable to fuel poverty through the Better Energy Homes scheme or Warmer Homes Scheme.

IRL have been working with SEAI in hosting information evenings on the grants available to improve the energy efficiency in homes across the country. These have included public information events on the Deep Retrofit Programme, Better Energy Homes and Warmer Home schemes.

While retrofitting of homes through the Better Energy and Warmer Home Schemes can improve energy efficiency of the home and reduce a household's usage of fossil fuels, to truly bring a home to the level where it would no longer be reliant on fossil fuels as the source of heat, the Deep Retrofit Programme is the only way to achieve this or change the heating system to cleaner energy sources.

Revenues raised from increased carbon tax should be used to continue to support households, especially poorer and rural households, in retrofitting their homes but also supporting the necessary changes needed to the home to switch to cleaner energy sources⁵.

Option c: Fund sustainable transport including cycling infrastructure and public transport.

While some of the revenues raised from increased carbon tax could be used on cycling infrastructure and public transport, more importantly will be increasing the infrastructure needed for electric vehicles such as more charging points across the country, especially in rural areas, faster charging points and home chargers. The Department of Transport's budgets will need to be reconfigured to increase electric or bio fuel run bus fleets. The rural transport programme budget is still not sufficient to provide a robust transport system in rural areas. Community car scheme/uber style car service is needed in addition to current Local Link services to ensure that reliance on car usage can be reduced.

Some of the revenues raised from increased carbon tax could contribute to community car schemes but the development of faster charging points must be a priority.

Option g and h.

The cost of doing business for haulage and transport sector as well as others reliant on fossil fuel to do their business will undoubtedly increase as a result of increase in carbon tax mainly due to their reliance on diesel and other fuels. Similar to home owners reliant on fossil fuel to heat their home, they have no alternatives available to them at present. Ensuring the cost of increase in diesel does not put them out of business, retaining the

⁵ While grants for electric heat pumps are available through the SEAI, these are only efficient if house/building is deeply retrofitted.

diesel tax rebate should be considered in the short term. However, investment also needs to be made into demonstration projects of use of biofuels and their viability for such companies as an alternative fuel source.

Businesses must be encouraged to move towards cleaner energy sources. Allowing excess energy produced from solar panels be sold back to the grid is one way of incentivising installation of these. For businesses that produce a lot of waste – helping them turn this into energy and selling any excess back to the grid should be incentivised.

Other Options

Corporate Social Responsibility – MoorFutures

Businesses could off-set their carbon emissions through Corporate Social Responsibility. Tax breaks that they get through this could be used to move away from use of fossil fuels. For example, MoorFutures are a way to raise funds for the rewetting and restoration of peatlands and wetlands. Essentially, they are a type of carbon credit used as an instrument for financing peatland protection, ecosystem services and biodiversity, through private investment. MoorFutures offer corporations an opportunity to offset their carbon emissions while investing in the biological diversity and the multiple benefits of peatlands and wetlands. MoorFutures create trust because projects are carried out in the local community and the buyer can visit the site easily; supplier and buyer are in direct personal contact. They started in Brandesburg state in Germany in 2012 with other states following suit. With the amount of peatland and wetland across Ireland, there is an opportunity now to explore such a scheme.

Community Energy Projects

Communities producing their own energy needs to be encouraged more and some of the revenues raised from increased carbon tax must be ring-fenced for this. Communities must be supported in developing such projects and that the energy produced can be used by the local residents.

SEAI Better Community grants for making community buildings more energy efficient but also looking at community solar panel and wind farms as well as anaerobic digesters and having demonstration projects of how these can provide energy to homes.

The Biorefinery Glas project farmer led Green refineries⁶ is an example of a project that could be replicated across the country, (Mobile Demonstrations of this project are currently happening around the country) and also brought to community level by using household food and gardening waste.

⁶ <https://ec.europa.eu/eip/agriculture/en/find-connect/projects/biorefinery-glas-small-scale-farmer-led-green>

Irish Rural Link the Organisation

Irish Rural Link (IRL), formed in 1991, is a national network of organisations and individuals campaigning for sustainable rural development in Ireland and Europe. IRL, a non-profit organisation, has grown significantly since its inception and now directly represents over 600 community groups with a combined membership of 25,000.

The network provides a structure through which rural groups and individuals, representing disadvantaged rural communities, can articulate their common needs and priorities, share their experiences and present their case to policy-makers at local, national and European Level.

Irish Rural Link is the only group represented at the national social partnership talks solely representing rural communities' interests.

'Our vision is of vibrant, inclusive and sustainable rural communities that contribute to an equitable and just society'

Irish Rural Link's aims are:

- To articulate and facilitate the voices of rural communities in local, regional, national and European policy arenas, especially those experiencing poverty, social exclusion and the challenge of change in the 21st century.
- To promote local and community development in rural communities in order to strengthen and build the capacity of rural community groups to act as primary movers through practical assistance and advice.
- To research, critique and disseminate policies relating to rural communities including issues such as sustainability, social exclusion, equality and poverty
- To facilitate cross-border networking between rural communities

'Our mission is to influence and inform local, regional, national and European development policies and programmes in favour of rural communities especially those who are marginalised as a result of poverty and social exclusion in rural areas.'