



2015/2223(INI)

21.10.2015

DRAFT REPORT

on meeting the antipoverty target in the light of increasing household costs
(2015/2223(INI))

Committee on Employment and Social Affairs

Rapporteur: Tamás Meszerics

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION	3
EXPLANATORY STATEMENT.....	9

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on meeting the antipoverty target in the light of increasing household costs (2015/2223(INI))

The European Parliament,

- having regard to the Treaty on European Union (TEU), in particular Article 3 thereof, and the Treaty on the Functioning of the European Union (TFEU), in particular Article 9 thereof,
- having regard to the Commission Communication of 3 March 2010 entitled ‘EUROPE 2020 – A strategy for smart, sustainable and inclusive growth’ (COM(2010)2020), as well as its resolution of 16 June 2010 on EU 2020¹,
- having regard to the Commission Communication of 19 March 2014 entitled ‘Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth’ (COM(2014)0130),
- having regard to Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC², and to its resolution of 15 December 2010 on revision of the Energy Efficiency Action Plan³,
- having regard to Directive 2010/31/EU of the European Parliament and of the Council of 25 October 2012 on the energy performance of buildings (recast)⁴,
- having regard to Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006⁵,
- having regard to Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006⁶,
- having regard to Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and

¹ OJ C 236 E, 12.8.2011, p. 57.

² OJ L 315, 14.11.12.

³ Texts adopted, P7_TA(2010)0485.

⁴ OJ L 153, 18.6.2010, p.13.

⁵ OJ L 347, 20.12.2013, p. 470.

⁶ OJ L 347, 20.12.2013, p. 289.

- the Cohesion Fund and repealing Regulation (EC) No 1083/2006¹,
- having regard to the Regulation (EU) No 223/2014 of the European Parliament and of the Council of 11 March 2014 on the Fund for European Aid to the Most Deprived²,
 - having regard to the Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013³,
 - having regard to the Council Decision on guidelines for the employment policies of the Member States⁴, and to its legislative resolution of 8 July 2015 on the proposal for a Council decision on guidelines for the employment policies of the Member States⁵,
 - having regard to its resolution of 8 July 2015 on the Green Employment Initiative: Tapping into the job creation potential of the green economy⁶,
 - having regard to the Commission pilot project for the development of a common methodology on reference budgets in Europe,
 - having regard to the Commission’s EU Employment and Social Situation – Quarterly Review September 2015⁷,
 - having regard to the Commission Social Investment Package of 20 February 2013,
 - having regard to the Commission Communication entitled ‘The European Platform against Poverty and Social Exclusion: A European framework for social and territorial cohesion’ (COM(2010)0758) and to the opinions of the European Economic and Social Committee and the Committee of the Regions, as well as its resolution of 15 November 2011⁸, on the subject,
 - having regard to the Social Protection Committee (SPC) and Employment Committee (EMCO) joint opinion of 3 October 2014 entitled ‘Mid-term review of the Europe 2020 strategy’⁹,
 - having regard to the SPC annual report of 15 February 2010 entitled ‘Social situation in the European Union (2014)’¹⁰,

¹ OJ L347, 20.12.2013, p. 320.

² OJ L72, 12.3.2014, p. 1.

³ OJ L 169, 1.7.2015, p.1.

⁴ Council Decision (EU) 2015/... of ... on guidelines for the employment policies of the Member States for 2015, 11360/15 SOC 479 EMPL 316 ECOFIN 642 EDUC 236 JEUN 62, 21 September 2015.

⁵ Texts adopted, P8_TA-PROV(2015)0261.

⁶ Texts adopted, P8_TA-PROV(2015)0264.

⁷ <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2345&furtherNews=yes>.

⁸ Texts adopted, P7_TA(2011)0495.

⁹ Joint opinion of the Employment and Social Protection Committees to the Council, Council of the EU, 13809/14 SOC 662 EMPL 120 EDUC 297 ECOFIN 876, 3 October 2014.

¹⁰ <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7744&visible=0>.

- having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Employment and Social Affairs and the opinion of the Committee on Women’s Rights and Gender Equality (A8-0000/2015),
- A. whereas between 2008 and 2013, the number of people at risk of poverty or social exclusion in the EU27 increased from 117 million to 121 million of which the number of people severely materially deprived increased from 42 to 45 million, the number of people at risk of poverty after social transfers increased from 82 to 86 million; whereas this development runs counter to the EU target to reduce poverty by 20 million by 2020;
 - B. whereas not having adequate heating has a negative impact on a person’s health, in particular for children and older persons;
 - C. whereas Directive 2012/27/EU calls on the Member States to develop programmes to raise awareness, and inform and advise individuals and households on energy efficiency;
 - D. whereas energy market prices are converging in Europe while purchasing power is not converging at the same rate;

Key Recommendations

Based on the recommendations developed in this initiative report:

1. Calls on the Commission and the Member States to adopt integrated frameworks to combat energy poverty by linking energy and poverty/social inclusion policies more closely;
2. Calls on the Member States to sign up to a European winter heating disconnection moratorium so as to ensure that during a defined winter period no household can be cut off from energy or that those who are must be reconnected to energy needed for heating that meets World Health Organisation (WHO) standards for adequate housing temperature;
3. Invites the Commission to present, in the context of the announced social pillar, an EU framework directive on adequate minimum income in 2016;
4. Calls on the Member States to ensure a more efficient and targeted use of the European Structural and Investment Funds (ESI Funds) by national, regional and local authorities in order to tackle energy poverty;

EU policies to meet the antipoverty target

5. Finds regrettable that the EU2020 target to reduce poverty in Europe by lifting 20 million people out of poverty appears even further out of reach than when it was set; reiterates that one of the target groups is people that face severe material deprivation; calls on the Commission and the Member States to renew their commitment to the poverty reduction target by:
 - prioritising decent living standards and reducing poverty and devoting a summit to it;

- tackling in a more balanced way both income and expenditure of poor households;
 - ensuring that the Member States provide everyone with accessible adequate income support, including minimum income above the poverty threshold throughout the life cycle ;
 - targeting household expenditure so that disproportionately higher costs such as energy spending can be reduced in a sustainable manner;
 - ending any policies in other policy areas that may lead to increase poverty;
6. Calls for a Council recommendation similar to the Youth Guarantee on tackling poverty in order to revive the poverty target;
 7. Welcomes the Commission's intention to present a new social pillar; recalls that to deliver on Article 9 TFEU, such a pillar should be aimed at setting a European framework for a minimum income above the poverty level, continuing with a rights-based approach to social policy and improving implementation of existing social, labour and anti-discrimination legislation;
 8. Welcomes the Commission's intention to aim for a social triple A score for the Union; finds regrettable that this is currently out of reach owing to increasing inequality, high poverty and social exclusion and less and less availability of quality and affordable social, health and care services; recalls that a social triple A must be based on Article 9 TFEU aimed at a 'high level of employment, the guarantee of adequate social protection, the fight against social exclusion and a high level of education, training and protection of human health'; recalls that achieving a social triple A as a benchmark requires assessing both policies that hinder and work towards achieving the benchmark; finds regrettable that so far the latter has not been addressed at Union level;
 9. Calls on the Commission and the Member States to develop, adopt and implement an EU framework to reduce poverty and social exclusion in line with the Europe 2020 Strategy, consisting of concrete measures and actions, including energy poverty;

Resources and income of poor households

10. Stresses that a decent income is a fundamental element for being able to live your life in dignity; recalls that 16.7 % of the population in the EU 28 in 2013 were at-risk-of-poverty after social transfers; invites the Commission to present in 2016 in the context of the announced social pillar an EU framework directive on adequate minimum income;
11. Recommends that an EU framework directive on minimum income should specify which criteria Member States' minimum income schemes would need to meet so as to lift people out of poverty; considers that such a framework would need to be rights-based, address the level of income, the non-discriminatory, efficient and easy access and the take-up, targeting especially those groups, who currently are excluded from or at risk of exclusion from minimum income schemes;
12. Stresses that minimum income schemes should prevent and lift households out of severe

material deprivation and allow for an income above the poverty threshold; recalls that a minimum income is a key instrument for delivering on Article 9 TFEU guaranteeing adequate social protection as well as on the fundamental right to decent living conditions, participating in society and protection of human health;

Household expenditure of poor households

13. Calls on the Commission and the Member States to address in a more balanced way both income and expenditure of poor households; points to shortcomings in addressing increasing household cost and considers the Commission's work on a reference budget a step in the right direction; stresses that lowering household expenditure for poor households will impact positively on the concerned households as well as on the - mainly local - economy and on social cohesion;
14. Recalls that poor households spend the largest share of their income on housing, utilities and food; stresses that one dimension of household expenditure of poor households – the cost of energy and the related issue of energy poverty lacks an in-depth assessment at Union level; calls on the Commission to improve internal cooperation so as to better link the energy policy and the poverty policy;
15. Stresses that there is so far no definition of energy poverty at Union level and therefore it is very difficult to properly assess the seriousness, the causes and the consequences of energy poverty of poor households in the Union; calls on the Commission to develop with stakeholders a common definition of energy poverty which should aim at assessing at least the following elements: material scope, difficulty for a household to gain access to essential energy, affordability and share of total household cost, impact on basic household needs such as heating, cooling, cooking, lighting and transport;
16. Stresses that there is a lock-in effect as regards energy poverty, as poor households cannot afford the initial upfront investment needed to combat energy poverty;

Targeting funding towards energy poverty - a triple win situation

17. Recalls that targeting Union funding towards reducing energy costs of poor households by investing in renewables or energy efficiency has multiple positive effects: at household level, it improves living conditions and the health of those concerned as well as decreasing household costs and therefore provides budgetary relief for poor families; at regional and local level, funding will provide for local investment; at Union level it helps to both decrease poverty, improve energy efficiency and decrease energy emissions;
18. Welcomes the fact that targeting household costs relating to energy by supporting investment in energy efficiency and renewables is programmed into and therefore in principle possible under the ESI Funds 2014-2020;
19. Stresses that stakeholders have identified two major obstacles in targeting energy poverty via the ESI Funds: firstly, relating to project size, where smaller beneficiaries are faced with funds intended for larger scale projects such as the Cohesion Fund; secondly, that operational programs do not make full use of the option to orient the ESI Funds towards energy poverty;

20. Recalls that targeting beneficiaries who work with or who are part of poor households requires certain pre-conditions, which are better met in the ESI Funds but less so in larger funds like the ERDF;
21. Calls therefore on the Member States and the Commission to ease the use of cross-financing mechanisms especially between ESF and ERDF as regards renewable or energy efficiency projects targeting energy-poor households; stresses the multiple benefits of multi-fund programs to tackle crosscutting issues such as relating to energy poverty;

Linking social aims and energy policy

22. Welcomes the fact that European energy policy legislation recognises social aims in energy efficiency policies; finds regrettable that the relevant provisions of Directive 2012/27/EU to target households affected by energy poverty and social housing (Article 7(7)) are not used to their full potential by the Member States; calls on the Commission in its review and impact assessment of the energy efficiency package to evaluate the implementation and use of Articles 7(7) and 5(7); calls also on the Commission based on this evaluation to consider strengthening Article (7), in particular paragraph 7 thereof, so that the Member States in their energy efficiency obligation schemes are obliged to include requirements containing social aims;
23. Calls on the Member States not to exempt the energy intensive industries from taxes, but to use these revenues for measures that benefit low-income households, including targeted energy efficiency measures and financing of social security systems, which can in turn reduce the burden on labour costs; considers that such an offsetting mechanism could be an integral element of a socially equitable tax shift as proposed by the Commission in the current employment guidelines;
24. Calls on the Member States to sign up to a European winter heating disconnection moratorium so as to ensure that during a defined winter period no household can be cut off from energy or that those who are must be reconnected to energy needed for heating that meets World Health Organisation (WHO) standards for adequate housing temperature; points out that such a moratorium aims to decrease excess winter mortality, supporting the most vulnerable groups, especially young children, the elderly and permanently sick and disabled people so as to protect their health and well-being;
25. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

The initiative report aims to build bridges between social policy and energy policy in the European debate by stressing that the EU is getting further from the EU2020 antipoverty target while the EU has relevant unmet potential reducing major household costs of poor households through targeting existing renewable and energy efficiency projects on energy poor households. The aim to meet the EU2020 antipoverty target and also meet energy efficiency, emission and renewable targets calls on multiple actors to make further steps with the help of various instruments but in the same direction.

The Commission's communication¹ makes the first step towards the European pillar of social rights "to strengthen Europe's social dimension through an integrated approach, by modernising existing legislation and considering new measures in support of greater convergence over time". More social commitment from the EU is a long unfulfilled political promise therefore by a minimum income framework and further improvement of social and labour rights and anti-discrimination legislation the EU can meet the next level of integration. Increasing the income of poor households is one of the crucial elements of a successful EU 2020 strategy and fight against poverty for two reasons: Inequality in the EU is increasing since the crisis hit, and still one in every six European Citizens lives in poverty or at risk of poverty. Minimum income is the key instrument to be introduced in the EU on the basis of TFEU² Article 9 in order to deliver on fundamental rights to decent living conditions.

A second pillar of fight against poverty, especially extreme poverty, is the effective reduction of household costs by better targeting various Funds to the most vulnerable households and eliminating the obstacles of effective resource take up. The Europe 2020 Strategy³ sets the objective to create 20% of energy consumption from renewables and increasing energy efficiency by 20% by 2020 as well as 20% reduction in greenhouse gas (GHG) emissions (compared to 1990) by 2020. Better targeting of EU Funds on households in energy poverty brings us closer to these targets as well. The initiative introduces the concept of a European winter heating disconnection moratorium protecting households already energy deprived or are at risk of service disconnection due to arrears on utility bills.

¹ European Commission Press Release 6 October 2015, IP-15-5763

² Treaty on European Union and the Treaty on the Functioning of the European Union 2012/C 326/01

³ Europe 2020 http://ec.europa.eu/europe2020/index_hu.htm