

Dublin, 13th July 2020

Subject: Irish Green Building Council's Submission to Government on Priorities for the Supplementary Budget 2020

Dear Taoiseach,

Climate change and the economic crisis are two of the most imminent challenges facing our country. The Irish Green Building Council (IGBC) welcome the new Programme for Government and the commitment to retrofit 500,000 homes to a BER rating of B2 by 2030. In a context of high unemployment, disproportionately affecting young people and those living in rural Ireland, the IGBC urges the Government to develop a supplementary budget that focuses on renovation.

Why focusing on energy renovation now?

Boosting energy renovation is critical in reaching our climate targets, but it can also deliver significant social and economic benefits across Ireland, particularly in terms of health - and health costs, energy poverty and jobs. Renovation is a labour-intensive industry. The Renovate Europe Campaign recently published a study that showed that on average 18 jobs are created in the European Union for every €1m invested in renovation¹. As buildings must be retrofitted across Ireland, any ambitious renovation programme will provide local jobs for local businesses (mostly SMEs) across the country.

The need to increase home building and the 500,000 homes retrofit target over 10 years included in the Programme for Government is extremely ambitious. It will require significant actions to address the barriers to renovation, including stimulating supply and demand. The supplementary budget provides a unique opportunity to build solid foundations for a successful renovation programme, while delivering a strong job led recovery.

Our recommendations

The IGBC believe that the following actions should be taken immediately as part of the supplementary budget:

1. Provide absolute long-term financial certainty on renovation

- a) Why? In order to scale up deep energy renovation and create employment, businesses need to train staff, build new business models and guarantee long term work for their reskilled employees. Individuals must see that it is worth training in this area and that there is a career in renovation. This will only happen with a long-term financial commitment from the Government.
- b) How? Put in place a 10-year ring fenced budget for retrofit consistent with the 2030 targets. Provide an immediate 3-year multi-annual budget of at least €1.5 billion for deep energy renovation to start immediately to enable rapid scaling of businesses.

2. Build the capacity to deliver large scale deep renovation: Reskill and retrain

- a) Why? The renovation sector is facing labour and skills shortages, and does not currently have the capacity to retrofit 50,000 homes annually. The Covid-19 crisis has had a significant negative impact on the labour market, and more specifically on young people and those living outside major population centres. The stimulus plan presents a unique

opportunity to address this skills mismatch, and to provide sustainable jobs across the country for the next 20 years.

- b) How? Offer an attractive financial package such as a form of COVID-19 payment for suitable workers to transfer from hard hit sectors, such as hospitality and tourismⁱⁱ, to upskilling training and apprenticeships in construction and renovation.

3. Enable independent impartial advice for homeowners

- a) Why? Quality retrofit is dependent on professional impartial advice. Next to the availability of finance, homeowners are often confronted with a lack of understanding of the process - what to do, where to start, and which measures to implement and in which order. This often leads to inaction, delays, or sub-optimal outcomes. Beyond financial support, homeowners and small landlords would benefit from the development of a network of skilled, trusted local advisors providing low cost advice.
- b) How? Reduce VAT on professional services offered for advice on home energy renovation and encourage the use of quality tax compliant contractors by reducing VAT for renovation.

Beyond supporting job creation and climate targets, large-scale deep renovation can have a myriad of social benefits. The commitment to retrofit 500,000 homes to a BER B2 by 2030 is highly welcome. While renovation activities will only see a significant increase if demand for renovations and supply of business offers from the construction industry match, we urge the Government to seize this opportunity to build strong foundations for an Irish renovation wave, and we look forward to discussing this further with you.

Yours sincerely



Pat Barry

CEO Irish Green Building Council

CC:

Tánaiste Leo Varadkar
Minister Eamon Ryan
Minister Paschal Donohoe
Minister Michael McGrath
Minister Catherine Martin
Minister Heather Humphreys

ⁱ Renovate Europe, 2020, "Building Renovation- A kick-starter for the EU recovery". Study prepared by BPIE.

ⁱⁱ Members' feedback suggests that in 2010 many skilled construction workers moved into sectors such as retail and tourism, assisted by Government's labour activation measures. These sectors are now hard hit and unlikely to recover soon but many would be willing to move back with the right incentives and certainty.