

# Network news



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Editorial

## People in poverty shouldn't have to choose between eating and heating!

Everybody agrees that people should be able to heat their home but this is fast becoming a 'luxury' for many people experiencing poverty. With rising energy prices, the question of how to solve energy poverty is becoming a major challenge for the EU.

Energy Poverty is often defined as spending more than 10% of your income on keeping your home warm. Although there are no EU figures available, the reality of Scotland where 1 in 3 families are unable to heat their homes adequately, gives some idea of the depth of the problem.

Energy poverty isn't just about rising prices. Three crucial factors; ensuring adequate income, fair pricing and reducing consumption through energy efficiency, must all be addressed. Energy Poverty first became spoken of as a serious social concern in the 1970's and 80's, with rising oil prices but also when social protection systems started to be weakened and with the first wave of liberalization and privatization of the energy market.

The current Energy Package being finalised by the Council and Parliament, is starting to take action on Energy Poverty, but will this action be adequate? Unless the EU confirms energy as a fundamental social right and acts to protect the universal service obligations of access to affordable, continuous and quality Services of General Interests, the EU action risks to be just hot air. The EU must affirm social priorities and not just the interests of the internal market. People experiencing poverty are looking to the EU to take action now.

Fintan Farrell

EAPN Director

## FOCUS ON ENERGY POVERTY IN THE EU

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## Energy poverty indicators urgently needed!

Currently there is no accepted EU definition of Energy poverty, nor common data or indicators.

Implementing a policy to fight against energy poverty requires knowing the diversity of situations and identifying the people concerned. In order to evaluate the evolution of the phenomenon and the possible impact of the measures taken, it is essential to possess indicators that will calculate the number of households concerned.

The United Kingdom has a unique experience in the implementation of a system of indicators, specifically for fuel poverty.

National surveys on housing conditions present data on households' income, as well as their taxes, their heating system, the level of isolation of their accommodation, and their characteristics. These surveys are for the time being the major source for the evaluation of fuel poverty in the EU Member States. However, much will depend on the analysis of the causes of energy poverty, which must be used to underpin the choice of criteria. Many NGOs call for the development of integrated indicators on adequacy of income, trends and impact on prices, as well as measurement of consumption and degree of energy efficiency.

Currently, EUROSTAT through the Eurobarometer survey's chart the developments on Services of General Interest and consumer satisfaction. Specific studies are also carried out to appraise price increases and trends. However, there is often little social impact analysis included. The European survey EU-SILC 2005, the annual survey on incomes and living conditions in the EU-25, constitutes an important, but currently limited tool to draw a picture of energy on a European scale.

Audrey Gueudet  
EAPN Communications officer

## EU Action on Energy Poverty now!

### What is Energy Poverty?

Energy Poverty means not being able to heat and fuel your home to an adequate level. For people experiencing poverty, this can mean "the choice to heat or eat"<sup>1</sup>. With the recent rise in fuel or energy prices to 30%+, media and political attention is now focused on this issue. But this is not a recent event, neither are the solutions only linked to energy prices. They are a test of whether the EU will act urgently to ensure that social rights are not put at risk with the unfettered expansion of the internal market.

### Lack of EU definition, data and indicators

Currently there is no accepted EU definition of Energy poverty, nor common data or indicators. The Eurobarometer report in 2007 on Services of General Interest highlighted that in 2005, 21.7% of household expenditure was spent on utility bills (ie fuel and water). Although some data highlights difficulties arising in arrears on fuel bills, (EU SILC), the figures do not appear to reflect the reality at Member State level.

The UK has developed a definition drawing on the World Health Organisation's analysis of adequacy. "A household is in fuel poverty, if in order to maintain a satisfactory heating regime, it would be required to spend more than 10% of its income (including housing benefit or income support) on all household fuel use."

A satisfactory heating regime is judged to be 21 degrees C for a living room and 18 degrees C for the other rooms. Based on this definition, UK Government currently calculates that 2.9 million people are in fuel poverty. However, the UK Consumer's Association and Energy Watch, estimates this figure to be over 4 million.

### Multidimensional causes and consequences

Energy Poverty is caused by a complex combination of factors. The three most important being: 1) inadequate household income 2) high costs of energy for household users and 3) the high rates of energy consumption linked to energy inefficient housing and appliances..

The level of household income in relation to unregulated prices is the most crucial, as costs of heating take too much out of people's weekly income. In fact, people on a lower income spend proportionately more of their income on energy

than those on higher incomes, and also spend more time at home – because of age, disabilities, sickness, lack of money for socialising, unemployment or having young families. This means that rising prices are likely to hit poorest households worse. Worse still, low income families often consume

more than wealthier households, due to the bad thermal quality of housing and the inefficiency of heating appliances.

The immediate impact of fuel poverty is indebtedness, as people on low-incomes are trapped with bills that they cannot meet. Worse, they are often forced to reduce their heating or do without it altogether. People in poverty highlight that current practices by many electricity companies (mainly following privatization of utilities) exacerbate these problems with delays in issuing bills based on real consumption, inaccurate billing and requiring repayments over unrealistically short periods. Other problems are the enforced use of more expensive pre-payment or smart meters. In the worst cases, companies actually cut off families from receiving energy, losing their right to energy and leading to unspeakable hardship.

### EU Policy and Energy Poverty

Energy is a vital utility service, and is defined as a Service of General Interest. The EU through

"Britain has the highest number of avoidable deaths due to winter cold in Western Europe" according to EnergyWatch (UK).

the Treaty vouches for the delivery of Universal Service Obligations for these services ensuring their accessibility, affordability and continuity. This right is further strengthened in the Lisbon Treaty, in protocol 9 and Article 14 (16). In reality, however, this right is being strongly undermined by the unrestricted expansion of the internal market, without ensuring the predominance of social rights.

The EU has consistently claimed that liberalization will result in better services and lower prices. But so far this has not happened. Currently the EU is finalizing the Energy Package – with the internal regulation of the Gas and Electricity Sectors. Although Parliament has made important proposals for an EU definition of Energy Poverty and the delivery of National Action Plans on Energy Poverty, the lack of independent debate over who is benefiting from the liberalization and privatization of these services is leading to an increasing credibility gap for people on the ground. Proposals to develop an EU Charter for Energy Consumer's rights of a non-binding nature have done little to reduce these fears. Further concerns are raised by the lack of independent social impact assessment in the horizontal evaluations that are currently made on Services of General Interest or the impact of liberalization on the people experiencing poverty.

### What EAPN wants

Many EAPN networks are campaigning on this issue at national level, whilst at EU level EAPN responded to the consultation on the EU Charter and is currently lobbying on the proposals on Energy Poverty in the new Energy Package and on the EU charter. Together with the Social Platform, EAPN is pressing for an adequate social impact assessment of the impact of liberalization and evaluation of the performance of SGI's. However, with the new circumstances of rising prices, the situation is going to get drastically worse. EAPN therefore calls for urgent EU action:

**In Bulgaria, many poor households live in ex-public housing with old-fashioned district heating systems, where they have limited control over consumption and the cost of the Energy used.**

- The right to energy to be guaranteed by the EU, and moving forward on a new horizontal EU framework on Services of General Interest.
  - A recognition of the complex causes of fuel poverty and the need for integrated strategies dealing with inadequate income, price regulation and energy efficiency.
  - A commitment to develop a common EU definition of energy poverty, data and indicators.
  - The development of national action plans to fight Fuel poverty, with delivery and implementation monitored through the OMC on social protection and social inclusion.
- The adoption of the EU Charter on the Rights of Energy Consumers as a binding instrument.
- The setting up of a high level task force – involving representatives from Employment and Social Affairs as well as Internal Market and Consumer Affairs to develop an urgent action plan to counter Energy Poverty at EU level.
- The development of an independent social assessment of the impact of liberalization and the horizontal evaluation of Services of General Interest, involving people experiencing poverty.
  - The involvement of all stakeholders including low-income users, as well as social partners in the design, delivery and evaluation of policy solutions including in the EU and national regulating bodies.

*Sian Jones (sian.jones@eapn.skynet.be)  
EAPN policy officer*

## ENERGY POVERTY: DIFFERENT COUNTRIES, DIFFERENT APPROACHES

The Energy Directive 2003/54 sets out the framework for public service obligations and the protection of vulnerable customers but it does not provide for a definition of energy poverty. And indeed "energy poverty" is understood in different ways throughout the Member States and market players.

For some it embodies the group of customers already identified by State authorities as being "aid-worthy" because they are for example in a difficult financial situation. For others energy poverty is rather the effect of energy prices on a group of customers with high consumption who risk paying a considerable amount of household income to meet their energy bills.

Consequences are seen as being different with regard to both groups, and energy price developments are not always seen as playing a decisive role.

In Belgium, ad-hoc schemes provide a safety net against high consumption and prices ("chèque mazout") where subsidies are made available in winter to persons otherwise not necessarily subject to social welfare payments.

In the UK the term fuel poverty is used rather than energy poverty. For a customer to classify in the fuel poverty scheme, it requires that 10% of the monthly income is spent on the energy bills.

In Sweden the preferred option is to take care of "vulnerable customers" through a mechanism which operates at municipality level. Customers that can not afford to pay energy bills, benefit from an energy voucher. France takes care of vulnerable customers through a social tariffs mechanism.

Italy ensures a minimum consumption for customers in difficulty to pay their energy bills.

## Interesting links

- The English Fuel Poverty Indicator website:  
<http://www.fuelpovertyindicator.org.uk/>
- The Energy Action Scotland web site:  
<http://www.eas.org.uk/>
- Evaluation of fuel poverty in Belgium, Spain, France, Italy and the United Kingdom (European Fuel Poverty and Energy Efficiency project):  
[http://www.fuel-poverty.org/files/WP2\\_D6\\_en.pdf](http://www.fuel-poverty.org/files/WP2_D6_en.pdf)
- Eurostat (2007): Consumers in Europe - Facts and figures on services of general interest (see section on energy and water):  
[http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-DY-07-001/EN/KS-DY-07-001-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-DY-07-001/EN/KS-DY-07-001-EN.PDF)
- Special Eurobarometer survey: Services of General Interests (July 2007):  
[http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_260\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_260_en.pdf)
- Special Eurobarometer survey: Attitudes towards Energy (January 2006):  
[http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_247\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_247_en.pdf)
- ECORYS report (2006): General policy towards Services of General Economic Interest and Consumer Protection in the Energy Sector:  
[http://www.eapn.eu/images/docs/ecorys\\_energy\\_liberalisation\\_final\\_report.pdf](http://www.eapn.eu/images/docs/ecorys_energy_liberalisation_final_report.pdf)
- EAPN's response to the Consultation to the EU charter for rights for energy consumers  
<http://www.eapn.eu/content/view/179/34/lang,en/>

## "Energy market measures alone cannot eradicate energy poverty": Interview with MEP Eluned Morgan

Eluned Morgan has been a Member of the European Parliament for Wales since 1994. She was the "rapporteur" for the EP's response to the Commission's Proposal on the Internal Market in Electricity Directive.

### How serious a problem is Energy Poverty in the EU?

Energy poverty is likely to become a more serious problem as energy prices continue to increase. It is an issue that needs to be firmly on the EU agenda because it is not recognised by most Member States. We know from the limited data available that the number of people unable to afford their electricity and gas bills is huge and growing.

### What needs to be done at EU level?

Clearly there needs to be action taken at the EU level when the EU theoretically has its own internal energy market. I believe that fully liberalising the EU energy market and improved competition is the best way to bring down prices. However energy market measures alone cannot eradicate energy poverty. Greater powers must be given to National Regulatory Authorities and improved cooperation across the EU to ensure there is effective competition and affordable prices for consumers.

The EU has a responsibility to deliver universal and public service obligations and provide protection for vulnerable consumers, particularly those on low income households. There needs to be much more done at the EU level to ensure greater access to information, transparency, choice and representation and an awareness of rights.

There needs to be recognition that though taking steps to tackle climate change, we are likely to see an increase in energy prices. EU policy has set the agenda in terms of climate change and therefore should call upon Member States to improve the energy efficiency in all policy areas and encourage tariffs which will benefit both sustainability and ideally tackle energy poverty.

The EU should oblige Member States to come up with a definition of energy poverty at the National level and develop National Energy Action Plans which include social inclusion measures and energy efficiency measures. The Commission should monitor these actions and coordinate and communicate data and best practices.

### What actions are you involved in to promote better regulation?

As Rapporteur of the Electricity Directive, I have tried to ensure that the consumer is at the heart of the Directive and the issue of energy poverty put on the EU agenda. I have been actively engaged in all reports within the energy package and I have also been following the progress of the Commission's Proposal for a Charter on the Rights of Energy Consumers.

### What are the likely outcomes and what action could EAPN members take?

The Parliament has adopted the Electricity Directive on 17 June 2008. Raising awareness of the issue of energy poverty is fundamental to gaining support in the Parliament and the Council. Pressure should be put on the Commission to monitor Member States and National Regulators, so that sanctions are imposed on those who do not comply. EAPN should continue to urge the Commission and the French Presidency to come forward with their proposals on the follow up to the Communication on the Charter on the Rights of Energy Consumers and to the proposals on energy poverty.



Interview: S. Jones  
[www.elunedmorgan.org.uk/](http://www.elunedmorgan.org.uk/)

## Housing, Energy Efficiency and Fuel poverty

Social Housing providers task is to build, manage and invest long term in housing. As a result of this long-term commitment, social housing is of higher thermal quality than the broader residential stock.

**F**uel or energy poverty as a result of bad housing is hitting hardest poor home owners who do not have the resources to invest in refurbishment and those housed in the unregulated private rental sector. Nevertheless despite pockets of excellence and innovation around Europe, social housing organizations still have a lot to do to optimize stock. CECODHAS is contributing to this process through the animation of the European Energy-Intelligent Housing Network and the organization of knowledge sharing events.

### Housing stock improvement: It's not rocket science – but will not happen without significant boosts in investment and training

Roof, loft and cavity wall insulation, double glazing, heat recovery from waste water and ventilation, condensing boilers, low energy light bulbs. The methods have been tried and tested however their widespread and speedy roll-out will require intense knowledge sharing, significant investment and an appropriately skilled workforce, particular when it comes to existing buildings.

### Pilot schemes are not enough

One scheme implemented by an English Housing Association was among the many pilot projects presented at a CECODHAS event held in Ancona this April. Results showed that carrying out these measures and introducing renewable energy via ground source heat pumps and solar photovoltaics resulted in a 75% cut in CO2 emissions and a cut in running costs from €1,500 to €750 a year. The poignant remark made by the presenter was that while this project was a great success for the 6 households involved, to meet targets of 60% reduction in CO2 emissions by 2050, these measures should be implemented on 450,000 homes annually in the UK alone!

### When it comes to energy rating –homes cannot be treated like refrigerators – Establishing partnerships with residents is vital

Social Housing managers claim that you can never overestimate the fact that informing residents on how to cut waste, and ensuring their voice is heard in refurbishment planning is often as important as the physical measures. Tenant empowerment schemes are part of everyday activities in Finnish social housing companies where volunteer tenants are trained up as energy experts while schemes in Flanders involve families in fun competitions to see who can save the most energy.

### Poor thermal efficiency is just one cause of energy poverty – others are high fuel prices and low household income – Housing Association work to reduce prices through buying wholesale energy

In an effort to shield tenants from rising prices, besides working to reduce energy demand, Dutch housing associations have put in place a mechanism to lower energy prices for tenants whereby 130 housing associations formed a partnership to act as a broker on the energy markets for their tenants. The scheme called WoonEnergie is now the largest consumer collective in the Netherlands with 60,000 households. Such schemes exist throughout Europe.

### Prevention not Cure approach needed

Brokering is merely one small piece in the puzzle. What is needed is a coherent strategy to address fuel poverty at EU level. A 'prevention not cure' approach must be taken - Not merely investing in elaborate systems to track winter and summer deaths resulting from energy poverty, but taking action now to address domestic thermal inefficiencies while tackling the gigantic carbon footprint of the residential sector.

Sorcha Edwards, CECODHAS  
<http://www.cecodhas.org/>

## TRADE UNIONS CAMPAIGN TO ADDRESS ENERGY POVERTY

The European Federation of Public Service Unions (EPSU), which represents workers and their trade unions in the electricity and gas sector amongst others, is of the opinion that electricity, heating and lighting have to be regarded as public services and a social right. Several EPSU members campaign at national level for the right to energy and/or participate in anti energy-poverty platforms.

The liberalisation of electricity and gas puts public services under pressure. As a consequence, prices become volatile and can push households into energy poverty. EPSU agrees that energy poverty needs to be addressed through concrete measures at national and European level.

EPSU works with EAPN and the CECODHAS to seek to convince the European institutions that European measures are needed to force all Member States to address this.

The European Commission is further seeking so-called ownership unbundling. This means deciding that the owner of the network should not be the same as the owner of the production company. EPSU opposes this as it puts workers under pressure and does not contribute to lower prices. EPSU is in favour of more regulation of companies so they do not exploit users, are transparent in their pricing policy.

National and European regulators have the power to regulate the industry: EPSU has demanded that the regulators need also to be checked and controlled, so as to ensure that they regulate for the interests of consumers and not just for competition, by the European Parliament and by some sort of Advisory Council in which low income users, trade unions and other groups are represented.

Jan Willem Goudriaan  
European Federation of Public Service Unions  
Website: [www.epsu.org](http://www.epsu.org)

## Liberalisation, Services of General interests and energy poverty in Bulgaria...

The reforms in the services of general interest in Bulgaria perfectly reflect the difficulties and failures of the Bulgarian transition. Deregulation and liberalisation have resulted in continuous price increase.

In the EU country with the lowest levels of incomes these reforms were wrapped in solemn promises to improve quality, efficiency and effectiveness. Instead, permanent and unexplainable price increases, worsening quality, illegitimate bills, unclear channels of money transfer and criminalisation in the sector are consistently reported.

Thousands of families face the difficult choice between heating and eating. They try to stop their subscription to these services but this is a very specific 'market' – for the central heating for example you are not allowed to suspend your subscription as 'the pipes go through your flat'.

There is an amazing lack of company-responsibility and accountability and of any protection of consumers' rights. While many clients try to bring companies to trial, it is impossible to find a lawyer as lawyers consider such trials to be doomed and the respective laws are in favour of the providers. Meanwhile the former head of Sofia's heating utility was sentenced for 5 years over failure to declare deals valued at almost EUR 19 M.

Instead of monitoring the implementation of investment programmes and profit-norms, and enforcing price ceilings which correspond to incomes, the State Commission for Energy and Water Regulation 'negotiates' prices on the basis of companies' own cost-statements, grounded on speculation and cartel agreements.

*Maria Sotirova  
EAPN Bulgaria*

## Working party on Energy and Poverty (Flanders): successes and prospects

The Working Party on Energy and Poverty was set up in 1999 because of indignation at the injustice of disconnecting the energy supply of people living in poverty. On the basis of proposals made by all associations where the poor have their say, an initial synthesis paper was drawn up for the attention of the Flemish authorities.

### Successes:

- When the liberalisation of the energy sector was announced in 2001, the Working Party already provided a recommendation to prepare the Flemish legislation.
- There was support for training projects to prevent the perverse effects of the legislation.
- The social rate was lowered and adjusted automatically. Maximum social prices are now half the market prices of the cheapest supplier.
- A Federal ombudsservice was set up to deal with all the complaints.
- The period of a general ban on disconnection during the winter was extended.
- The capacity of budget meters was increased from 6 to 10 amps.
- When the Decree was amended in 2007,

the term "unwillingness" with respect to not paying bills was removed from the law, and the number of situations warranting disconnection was brought down to 9.

### Prospects:

- At Federal level the Working Party wants bills to be more easily readable.
- Further work is being carried out on the general right to obtain energy whereby there would also be a general ban on disconnections. This would be possible by adjusting the free basic package of 100Kwh. The Government is open to increasing the wattage to the level of a "liveable" package.

*Mieke Clymans  
Community Worker for Community Structure  
In collaboration with associations where the poor have their say*

## Scotland: To end energy poverty by 2016

In Scotland, almost 1 in 3 households are in energy poverty, which means they struggle to heat their homes and afford their energy bills. The official UK definition of fuel poverty is that a household needs to pay more than 10 per cent of income on all fuel use to meet recognised heating standards.

Fuel poverty particularly affects the old, the very young, the ill and those on low incomes. The results include cold, discomfort, debt and ill health. There are three main causes of fuel poverty: the energy inefficiency of the dwelling, the high price of domestic energy and low disposable household income.

Following cross-party political recognition of the problem, a number of initiatives are in place. Each UK country has a legally-binding target to end fuel poverty; in Scotland, it is 2016.

Initiatives include programmes to install central heating systems and insulation in the homes of older people and all in the social rented sector. The Winter Fuel Payment is made annually to those aged over 60. Energy companies are under

pressure to provide special services and lower tariffs for vulnerable and fuel poor customers.

In Scotland, there is currently a push to review progress. Following requests from stakeholder groups and an internal review by the government, a Scottish Fuel Poverty Forum, with an independent chairman, has now been tasked with reviewing programmes and reporting to Ministers by the autumn.

Among the issues highlighted for consideration is the need to focus on those who require help the most; for example, to widen central heating assistance to low income families with a disabled child.

*Elizabeth Gore  
Energy Action Scotland  
Website: [www.eas.org.uk](http://www.eas.org.uk)*

## EAPN France's four priorities for the French Presidency

**A**t this point in time, EAPN France in conjunction with the other EAPN networks in Europe, has 4 objectives for the French Presidency of the EU in the second half of 2008:

### 1) Give those most out of touch with employment a chance to get back into work someday.

These people must not be pigeonholed in a way that confirms stereotypes of them being unemployable.

### 2) Give the most vulnerable individuals an entitlement to sufficient, stable and predictable resources through an adequate minimum income.

Recognize the human dignity of those concerned by working with them to devise benchmarks so that the minimum income does not consign them to second-class citizenship but promotes inclusion. What is adequate can only be determined by reference to the individuals concerned and their experience. The recent development of an RSA (Active Solidarity Income) currently being trialled merits close attention in this regard.

### 3) Get a right to quality social service provision for all with support for the most vulnerable individuals.

Excluding not just health, but also social housing, childcare, and personal assistance services, could end up with these sectors falling under the competition rules, which would then make the government aid currently given to them illegal. That would force provision to become profit-making by excluding the poorest people from services, when it is precisely these groups that it is their aim and purpose to provide for. Social housing has moved to the forefront of the agenda in many European countries. It demands real action so that "no-one has to stay living on the streets".

### 4) Give more importance to what vulnerable and poor people have to say when making policies that affect them, because they are "experts" on the matter, too.

The different social actors (people vulnerable to poverty and welfare service providers) have an opportunity to meet at regional and national meetings to discuss, and exchange views without constraint but with respect for what others have to say. Over and above the exchanges, the issues addressed provide a basis for making observations, getting hold of official documents and texts (e.g., NAPs Incl), working out proposals that are submitted to policymakers and government agencies in order to take part in the framing and evaluation of social policies.



#### Spotlight on EAPN France

EAPN France links together national voluntary organizations and regional groups of NGOs in the voluntary welfare sector, some of which are extensive and varied institutional service providers.

These regional voluntary organizations and alliances promote the integration of the most vulnerable groups through housing, employment, income earning activities, language skills and leisure activities. UNIOPSS, the co-founder of EAPN France, is its ex officio Vice-President. Its Administrative Council currently comprises the Fondation de l'Armée du Salut (Salvation Army Foundation, the current President), Secours Catholique, CSP, FNARS, La Clède, CAIO Bordeaux, the Petits frères des Pauvres, UNIOPSS, Solidarités Nouvelles face au Chômage, the URIOPSS of Languedoc Roussillon, Nord Pas de Calais and Champagne Ardenne.

Jeanne Dietrich  
EAPN France

More: [www.eapn-france.org/](http://www.eapn-france.org/)

## FRANCE: POVERTY IN FOCUS

The monetary poverty line relative to the 60% of median income level was €17 a month in France in 2005. That means 7.1 million people in 3 million households were officially poor that year.

Poverty receded between 1996 and 2004, only to go back on the rise since. The number of people claiming benefit has risen steadily (3.5 million at the end of 2005). The minimum incomes of the wealthiest 5% have risen much faster than those of the worst-off, and these figures do not reflect the widening gap in below-poverty incomes, especially those of young people and single mothers.

Contingent employment is a bigger cause of income inequalities than rates of pay, and 40% of employees see their wages fall each year. The debate over spending on basic necessities (housing, energy, transport, food) adds to the impression that poverty is spreading.

It is a primarily political issue: leaving aside all the fine talk, public policies to tackle exclusion are not up to the job. Unemployment fell again to 7.5% in the 1st quarter 2008 – back to where it was 25 years ago!

France is also in breach of its commitments under the Council of Europe's Social Charter. Two recent decisions published by the European Committee of Social Rights single out the flagrant and persistent unfitness for purpose of State provision for giving access to social housing to the poorest in society.

Olivier Marguery  
President, EAPN France

## Social services of general interest: EAPN France's view

**A** process has been started on social services of general interest (SSGI) at European level to clarify the conditions in which European economic law applies.

In 2006, the Commission published a Communication on SSGI which did not address health services but promised a specific initiative for them. But social operators believe that health services of general interest must be included in a future SSGI Directive.

The Lisbon Treaty was adopted on 19 October 2007. It makes 2 big changes:

- Protocol 9 on SGI recognizes the essential role and the wide discretion of national, regional and local authorities in providing, commissioning and organising services of general economic interest (SGEI)
- Article 14 includes SGEI among the common values of the Union.



The Commission is now using this ostensible progress to close the debate, and focus on the revision of the internal market!

But what credibility can be placed in Europe looking after its citizens - especially the most vulnerable - if the Commission turns its back?

Social operators wanted the adoption of the Lisbon Treaty to speed up the drafting of an appropriate Regulation for SSGI, but what will Ireland's "no" vote in the referendum on the Treaty mean for that?

Voluntary welfare networks must use the French Presidency to press for a European agenda that includes bringing in a specific legal framework on social and health services of general interest; but also to secure recognition for the sector to provide general interest services on a non-commercial basis under a mandate by the public authority.

The French Presidency has scheduled a conference on SSGI to address quality issues, but this is not enough, given the situation of legal uncertainty which besets SSGI. The question of legal certainty, but also transposition of the Services Directive, still awaits an answer, therefore.

The problem is that the social services provided by the State (or mandated providers) in social housing, child care and personal assistance services are excluded only if mandated by the public authority, i.e., entrusted with an obligation rather than mere authorization to provide a pre-defined service.

All these services would be called into question if their general interest mission were not properly recognized. In that scenario, the Services Directive would be applied, but the public funding which keeps them going would become illegal as being anti-competitive. But without this funding, the poorest in society would be excluded from services that had to be run for a profit!

Governments have to put in a report to the Commission for the end of December. That is all the time left to the social sector either to show that the current legal framework fulfils the mandate required on all points or to get government departments to adapt the regulatory frameworks in line with the new European requirements.

EAPN needs to throw its whole weight into getting the acknowledged general interest remit prosecuted by civic organizations and enterprises taken into account; it is no longer about legal certainty for SSGI, but their survival as a linchpin of the fight against poverty and exclusion.

*Michel Mercadier*  
EAPN France

People in poverty  
shouldn't have to choose  
between eating and  
heating!

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