



## ENERGY EFFICIENCY POLICY ASKS

Energy efficiency improves the health of households, reduces power bills, improves resilience to climate impacts and contributes to net zero targets. These outcomes will not be achieved unless the Queensland government accelerates policy changes to introduce minimum energy efficiency standards for rental properties.

### Features Based Standards

Requires very specific features. Features could include reverse cycle air conditioners for heating and cooling, ceiling fans, efficient hot water (heat pumps), draught sealing, insulation, efficient thermal building envelope, lighting and shade structures, and be effective in the home's climate zone.

### Performance Based Standards

Measures the overall performance of the whole house. Landlords would be required to obtain an external assessment of their rental property that either verifies that the property complies with the standard or makes recommendations on how to comply or go beyond compliance.

As part of these policy changes, by the end of 2023, the Queensland government should commit to implement a framework that makes it mandatory for all rental properties to meet basic minimum energy efficiency standards,<sup>1</sup> that are legislated by 2025, and enforceable and inclusive after a 3-4 year implementation period.

### Policy Recommendations

- Queensland Government to legislate for and implement **mandatory** and **enforceable** energy efficiency minimum standards for rental properties in line with the **Community Sector Blueprint: A National Framework for Minimum Energy Efficiency Rental Requirements**<sup>2</sup> developed by the **Healthy Homes for Renters**<sup>3</sup> collaboration.
- Commit to progressive improvement over time in line with achieving the 1.5°C Paris target and Queensland's net-zero target.
- Include energy efficiency provisions in regulations to the Residential Tenancy and Rooming Accommodation Act (2008) (as part of Stage 2 of the Residential Tenancy Reforms), including:
  - initially requiring the **energy efficient features** of a home, such as insulation, draft sealing, or heat pump appliance ratings, to be disclosed at the point of advertisement, and eventually the **energy efficiency rating** to be disclosed at both point of advertisement, on Entry Condition Reports and as part of the lease agreement.
  - requiring gas and inefficient electric appliances that need replacing to be replaced with an efficient electric alternative.

<sup>1</sup> Such as the upcoming *National Framework for Minimum Energy Efficiency Rental Requirements*, being developed as an action of the Trajectory for Low Energy Buildings—Existing Buildings, <https://www.energy.gov.au/government-priorities/buildings/trajectory-low-energy-buildings>

<sup>2</sup> Community Sector Blueprint: A National Framework for Minimum Energy Efficiency Rental Requirements, <https://www.healthyhomes.org.au/news/community-sector-blueprint>

<sup>3</sup> <https://www.healthyhomes.org.au/>

- the performance standard initially be an increase in rating (e.g. raise by 2 stars) for the worst quality housing, and a target of 5 stars.
- require lessors to consent to energy performance improvements to the property if there is no cost to the lessor.
- improve security of tenure for renters including introducing caps on rental increases (e.g. restricted to once per annum and for the consumer price index (CPI)).
- In the short term (6-12 months), establish an **energy efficiency audits and retrofits** program for private rental and social housing, prioritising low-income households and poor-quality homes (e.g. targeting less than 2 star<sup>4</sup>).
- In the short term, reinstate **targeted energy efficient features and appliance grants, concession loans subsidies or rebates**, including a **mandate for minimum 4-star appliance replacements** for social housing, low-income households and rental properties. The program should be delivered through either trusted community sector organisations or the No Interest Loans Scheme (NILS) in partnership with those community sector organisations that often have existing systems in place and existing relationships with target households.
- In the long term, the Queensland government should establish and finance an ongoing (minimum 5 years) high quality, low-risk, energy efficiency, audits, retrofits and literacy program for homes, delivered by trusted and capable large and small community organisations and social enterprises.
- Significantly increasing public funding (and/or leverage private co-funding) in the Energy and Jobs Plan (*ACTION 2.3: Support to reduce household bills*) (including leveraging private funding).
  - at least \$500M for Private rentals over 4 years, in line with the ACOSS Proposal and implementation plan for a **National low-income energy productivity program (NLEPP)** update (ACOSS 2021)
  - at least \$150M over 3 years for social housing, in line with the **emPOWER** Proposal<sup>6</sup> by QCOSS, Solar Citizens and Queensland Conservation Council.
- The Queensland Government should establish a parallel awareness campaign engaging renters and private landlords, to raise the profile of energy efficiency and performance, including auditing and retrofits for rental properties, explaining their long-term value for renters' health and power bills, their crucial role in reaching net-zero, and roles and responsibilities of tenants and property managers, enabling progressive early adopter property owners.
- Implement safeguards to avoid adverse effects on housing affordability, including measures to protect against unintended adverse consequences including rent increases and evictions or unnecessary removal of properties from the low-cost rental market following upgrades.
- Establish a parallel and staged subsidised **professional training and employment program for residential housing energy audits and retrofits**, which would provide economic stimulus through local supply chains and job creation in the energy and electrical services, auditing, installation, and appliance manufacturing and retail sectors.



## Policy Context

### Federal Government Support

Through its **Trajectory for Low Energy Buildings** (the Trajectory) and its addendum, the then COAG Energy Council (2019) agreed to changes to make existing buildings more energy efficient by 2030, including minimum energy

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<sup>4</sup> Most rental properties are less than 1.7 Star [https://www.acoss.org.au/wp-content/uploads/2021/10/DAE-ACOSS\\_Economic\\_Impacts\\_of\\_NLEPP\\_Final\\_Report\\_211005.pdf](https://www.acoss.org.au/wp-content/uploads/2021/10/DAE-ACOSS_Economic_Impacts_of_NLEPP_Final_Report_211005.pdf)

efficiency standards for all rental properties by mid 2022,<sup>5</sup> and to implement these concurrently with the **National Framework for Disclosure of Residential Energy Efficiency Information**, which has a key objective to “Empower households and key decision makers”.<sup>6</sup> Renters need to know the efficiency rating or features of any house they’re applying for or live in, and that this needs to be as easy and clear as knowing the efficiency rating of their fridge. The Trajectory further suggests jurisdictions “commence processes to implement disclosure and rental schemes if not already based on the national frameworks and cost benefit analysis and adjusted as appropriate by early 2023”, and that “jurisdictions implement disclosure and rental schemes based on the national frameworks” by 2025.

The Federal government recently consulted on a National Energy Performance Strategy.<sup>7</sup> This will potentially give the Queensland government an opportunity to partner with the Federal Government to co-fund programs, or for the Federal government to run programs that support the Queensland government's own ambition and programs, such as workforce development and training, or changing tax laws to allow landlords to get tax offsets for energy efficiency upgrades.



### Energy Efficiency Programs and Proposals

Energy Efficiency measures could be based on the broader measures in the ACOSS **Proposal and implementation plan for a national low-income energy productivity program (NLEPP)** update.<sup>8</sup> It is expected that such audits and retrofits will cost up

to \$5000 per house (includes business management and staffing costs).<sup>9</sup> Around a third of Queenslanders rent (618,442 households, including social and private housing),<sup>10</sup> which is higher than the national average, and this is increasing. The percentage of low-income households that rent is higher (39%<sup>11</sup>). At \$5000 per house, the \$10 Million promised in the Energy and Jobs Plan equates to just 2000 households. This compares to:

- ACT Home Energy Support Program funding of \$50 million to “improve building efficiency and sustainability for social and public housing, low-income owner occupiers and low performing rental properties” over just four years.<sup>12</sup>
- ACOSS Proposal and implementation plan for a **National low-income energy productivity program (NLEPP)** update (ACOSS 2021)<sup>13</sup> is two orders of magnitude larger (or around \$700M for private rentals in Queensland).
- ACF, WWF and QCC suggest around \$3.5bn in public investment by 2030 (for efficiency, solar, batteries and electrification across the whole Queensland residential sector).<sup>14</sup>

<sup>5</sup> <https://www.energy.gov.au/government-priorities/buildings/trajectory-low-energy-buildings>

<sup>6</sup> <https://www.energy.gov.au/government-priorities/buildings/residential-buildings>

<sup>7</sup> <https://minister.dcceew.gov.au/mcallister/media-releases/joint-media-release-govt-kicks-work-develop-national-energy-performance-strategy>

<sup>8</sup> <https://www.acoss.org.au/wp-content/uploads/2021/08/Brief-Proposal-and-implemantaion-plan-for-National-Low-income-Energy-Productivity-Program-September-2021.pdf>

<sup>9</sup> [https://www.acoss.org.au/wp-content/uploads/2021/10/DAE-ACOSS\\_Economic\\_Impacts\\_of\\_NLEPP\\_Final\\_Report\\_211005.pdf](https://www.acoss.org.au/wp-content/uploads/2021/10/DAE-ACOSS_Economic_Impacts_of_NLEPP_Final_Report_211005.pdf)

<sup>10</sup> <https://www.qgso.qld.gov.au/issues/11576/qld-counts-census-2021-snapshot.pdf>

<sup>11</sup> <https://www.energy.gov.au/government-priorities/buildings/trajectory-low-energy-buildings>

<sup>12</sup> [https://www.cmtedd.act.gov.au/open\\_government/inform/act\\_government\\_media\\_releases/rattenbury/2022/more-energy-efficiency-rebates-available-for-low-income-households](https://www.cmtedd.act.gov.au/open_government/inform/act_government_media_releases/rattenbury/2022/more-energy-efficiency-rebates-available-for-low-income-households)

<sup>13</sup> <https://www.acoss.org.au/wp-content/uploads/2021/08/Brief-Proposal-and-implemantaion-plan-for-National-Low-income-Energy-Productivity-Program-September-2021.pdf>

<sup>14</sup> <https://www.acf.org.au/queensland-can-report>

- QCOSS, Solar Citizens and Queensland Conservation Council modelled \$165M over 3 years for engagement, energy audits and efficiency upgrades for social housing in their *emPOWER* Proposal<sup>15</sup> (excludes private rentals).

These programs and proposals demonstrate the need for systemic changes that energy efficiency minimum standards could achieve. Queensland can clearly lift its ambition. Without increasing the current levels of funding, either with the Queensland government on its own or in partnership with the Federal Government, improvements in energy performance and efficiency will only be piecemeal, lead to inadequate health, affordability and sustainability outcomes.

Additionally, the \$10 Million promised in the *Energy and Jobs Plan* appears to address appliances only, and not the building fabric itself. This may lead to perverse outcomes, such as relying on active heating and cooling in a home with poor thermal properties.

### Climate Resilience

As weather becomes more extreme due to climate change, low-income households, social housing and those who rent will be more adversely impacted unless governments take immediate steps to implement energy efficiency minimum standards. Costs of disasters will increasingly affect households. Climate resilient upgrades also need to be considered, including the impact on insurance premiums. Banks and insurance companies are beginning to consider climate resilience and energy efficiency in their loans and insurance premiums. Failure to address energy efficiency and climate resilience in the near term will only defer and exacerbate such costs in the long term.

### Health and Affordability

Energy-efficiency interventions lead to improved health outcomes such as fewer days off work and school, fewer visits to doctors, and fewer hospitalisations due to respiratory conditions.<sup>16</sup> Property investors and rental housing providers, however, are not currently required to ensure that rental homes can affordably be kept at livable temperatures year-round. This is having severe detrimental effects on the health and wellbeing of a large proportion of Queenslanders. The mental health of renters will also be improved through the stability that comes from households must also being protected from unfair evictions and rent increases through rent caps and removing evictions without cause.

### Employment

Minimum energy efficiency standards would help get local economies, including new apprentices, getting local energy service businesses and community organisations back on their feet after COVID, while also facilitating work and systems they will need to do anyway to meet net-zero carbon targets by 2050.

Deloitte Access Economics modelling found that not only could it create 22,000 full time equivalent jobs (nationally) through energy audits and retrofitting homes (and this doesn't include potential job creation from manufacturing and retail), but that delivering energy efficiency (and solar) to low-income homes specifically could create an additional 1,800 jobs and could deliver an additional 4.9 billion in gross domestic product<sup>17</sup> (*note: solar is not energy efficiency, but was included in the Deloitte modelling*). Thermal efficiency needs to be achieved either before or parallel to installing solar to get all the social, environment and economic benefits of these energy features.

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<sup>15</sup> [https://www.qcoss.org.au/wp-content/uploads/2021/05/QCOSS\\_PBS21-22-emPOWER-Homes-proposal.pdf](https://www.qcoss.org.au/wp-content/uploads/2021/05/QCOSS_PBS21-22-emPOWER-Homes-proposal.pdf)

<sup>16</sup> Howden-Chapman P, et al. Effect of insulating existing houses on health inequality: cluster randomised study in the community. *BMJ* 334(7591):460 (2007). <https://pubmed.ncbi.nlm.nih.gov/17324975/>

<sup>17</sup> [https://www.acoss.org.au/wp-content/uploads/2021/10/DAE-ACOSS\\_Economic\\_Impacts\\_of\\_NLEPP\\_Final\\_Report\\_211005.pdf](https://www.acoss.org.au/wp-content/uploads/2021/10/DAE-ACOSS_Economic_Impacts_of_NLEPP_Final_Report_211005.pdf)