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Environment, Planning and Sustainable Development Directorate

Submission: Minimum energy efficiency standards for rental homes in the ACT consultation paper

By email: EPSDDComms@act.gov.au

Care has been supporting the Canberra community since 1983 and we believe in financial fairness for all. We are a community organisation that provides free and confidential support and assistance to people living on low to moderate incomes or who are experiencing financial difficulty. Care's programs include financial counselling, consumer law, community loans and community education. Since 2017, Care has delivered the Energy Support Voucher Program providing support to vulnerable community members experiencing energy stress.

Thank you for the opportunity to respond to the Consultation Paper on Minimum Energy Efficient Standards for Rental Homes in ACT. Care recognises the steps the ACT Government is taking to ensure a better standard of energy comfort for rental homes in the ACT.

Minimum Energy Efficient Standards for Rental Homes in ACT

Care supports the ACT Government's decision to introduce minimum energy efficient standards for rental houses in the ACT. Many of our clients live in public or private rental accommodation. Financial stress can be caused or exacerbated by poor energy efficiency leading to high and often unaffordable energy bills. Putting measures in place to support energy efficiency and reduce costs will lead to better energy comfort, health and wellbeing for those most vulnerable in ACT.

Standard

We agree that opting for ceiling insulation is a better standard to apply, noting that heating upgrades may involve a pass-through cost to consumers that some won't be able to afford, and performance ratings are a complex measurement standard. Given that ceiling insulation will provide a positive benefit in terms of

increasing energy efficiency and reducing energy costs, this seems a sensible standard to apply.

However, we consider that:

- requiring rental homes with less R2 ceiling insulation to install or upgrade to a minimum of R5 should be a starting point with the eventual aim of lifting the minimum standard in rental properties to R5.
- although the current scheme does not require rental homes of R2 or above to install or upgrade installation, a reference should be made of the intent of including these in future phases with estimate of timelines.
- where it is not feasible to install ceiling insulation, other measures should be implemented. These could include energy efficient heating upgrades.

All households who live in homes requiring an upgrade to reach the minimum standard should also be offered a home energy audit through Actsmart and SVDP should receive adequate government funding to manage the increased demand for their services. Where a Housing Act property is not suitable for a ceiling upgrade, tenants should not be left worse off. If other measures are also not viable due to the age or condition of the property, tenants should have the option of being re-located to a property that meets the standard.

Support

Agree that Government should provide incentives financial or other support as an incentive to landlords.

Current suggestion is that access to a no interest loan or subsidy would be based on income/vulnerability of tenants. Whilst we agree that all tenants, particularly those on low incomes or experiencing vulnerability should benefit from the introduction of the scheme, we question why consideration isn't given to the circumstances of the landlord. Those who are on high incomes and can afford to make the upgrades should be able to access a no interest loan but any subsidy arrangement should be directed to landlords on modest incomes.

Alternatively, there could be consideration for a grant system for rental providers. This would be allocated if there is compliance within a certain time-frame.

Exemptions

Agree with the exemption criteria for landlords but believe it is important that evidence be required to ensure the exemption is for genuine reason.

Where an exemption is sought and approved, landlords should offer complimentary measures to tenants to ensure they are not disadvantaged or missing out on the benefits of the scheme. This should also have the impact of dissuading landlords from seeking unnecessary exemptions.

Compliance

Time frame for complying with the standard needs to reflect industry capacity. It is essential that the work is conducted by trained, accredited providers to avoid potential harm to tenants as well as reputational damage to the government.

If a 5-year time period is agreed, there should be a proviso that rent providers are obligated to meet the standard before a new lease is put in place during this period.

Monitoring and enforcement – auditing of percentage of properties. Incentive to comply as well as a straightforward process to be able to comply. However, for rent providers who knowingly don't comply there should be strong enforcement measures including substantial fines.

Careful consideration is required as to how a property is audited to assess their current ceiling insulation. Reliance should be on an independent auditor and not on the rental provider to ensure compliance. Ideally the criteria for exemptions should be very specific and processing time kept to a minimum to prevent delays in the scheme.

Additional measures

Additional measures should be considered including:

- draft proofing
- referrals to Actsmart for a home energy audit
- heating upgrade (particularly where ceiling insulation is not feasible)
- hot water pumps
- removal of all gas appliances to move to all electric

Safety

Safety and compliance with safety requirements must be at the forefront of the scheme. We would not support DIY installation, given the potential risk to tenants if the ceiling insulation is not installed correctly.

As stated above we believe all installers should be accredited. The Government will need to allow time and provide incentives to ensure accreditation can be undertaken by providers. Any breach should result in a substantial fine.

Quality Assurance

Quality assurance is more likely to be met if there is a requirement for installers to be accredited and rent providers to provide evidence of this when work is undertaken. An audit process should also form part of any quality assurance process

Impacts to tenants

The Minimum Standards for Residential Rental Properties RIS does make reference to cost-pass through to tenants in the form of rental increases. It indicates that tenants will still be better off. Care would recommend monitoring of this over the life of the scheme to ensure that this will remain the case.

Evaluation and Review

Evaluation to determine the effectiveness of the scheme is necessary but challenging. Any review should be conducted by an independent person.

Evaluation should be performed throughout the initial phase-in period and not at the ten year period as referenced in RIS.

The evaluation itself should not be restrictive and consideration at all times should be made of the overall objective of the program to improve energy efficient standards and the health and wellbeing of ACT tenants.