

## BACKGROUND BRIEFING

*Improving energy performance standards will ensure that all Australians can afford the energy they need to have a healthy and comfortable home. Energy is an essential service, and integral to delivering the health of people and communities. Residential energy use is also a significant contributor to Australia's greenhouse emissions. Any effort to bring down energy bills and reduce climate change risks must include housing as part of the equation.*

### THE CASE FOR CHANGE

The poor energy performance of our homes and significant increases in energy costs over the past decade means that many Australians live in homes that are damp, too cold in winter and too hot in summer.

Living in these homes, dealing with high electricity bills, and going without the energy we need to live comfortably, can lead to financial stress, poor health and make it harder to work, to get an education or to be a part of the community.

Improving energy efficiency also offers low-cost opportunities for reducing greenhouse emissions, as well as helping to make the transition to renewable energy faster and cheaper.

### BUILDING A CONSUMER COALITION

The [Housing Summit 2018](#) – hosted by Energy Consumers Australia on 5 September 2018 – gathered consumer groups, researchers, governments and the energy industry to discuss energy affordability, and how to ensure all Australians can afford the energy they need to have a healthy and comfortable home.

Energy Consumers Australia's background paper [Healthy and comfortable homes for all Australians](#), outlined the range of benefits to consumers (lower energy bills, reduced mortality rates, and better health outcomes), as well as the high cost of inaction (increased climate change risks and increased public health spending: the cost of respiratory diseases from poorly ventilated or excessively cold and/or damp homes is significant – the cost of asthma alone was \$28b in Australia in 2015).

At the Summit, consumer groups agreed on the need to improve the energy performance standards of new and existing houses, particularly given the impact of poor housing on people's health and wellbeing. Many signed a [Communique](#), calling for a comprehensive national strategy to improve the energy performance of our homes.

Building on that call, a [joint statement](#) signed by 36 consumer groups and 21 supporting organisations, urging COAG Energy Council to commit to action to improve the energy performance of all Australian homes, and adopt the recommendations of the *Report for Achieving Low Energy Homes*.

Consumer groups also decided to organise the strategy workshop to cooperate to build on the consensus for change – taking advantage of current opportunities to achieve better outcomes for households.

**OPPORTUNITIES TO SECURE BETTER HOUSING STANDARDS**

At its December 2018 meeting, the Council of Australian Governments (COAG) Energy Council (EC) were provided with the recommendations of the Department of Environment & Energy's *Trajectory for Low Energy Homes* process which included:

- the increase of minimum energy performance standards for new homes in the National Construction Code (NCC);
- the establishment of a trajectory towards 'zero energy and carbon ready homes'; and
- commitment to a range of initiatives to improve the performance of existing housing.

Those recommendations were developed through a COAG Energy Council process, kicked off in 2015 within the auspices of the [National Energy Productivity Plan](#) (NEPP) measure 31. It introduced improved standards for commercial buildings from 2019, but Ministers agreed that further research was required for residential building energy efficiency.

Working with State and Territory Governments, the Commonwealth Department of the Environment and Energy led the *Trajectory for Low Carbon Homes* process, engaging with over 200 stakeholders.

A critical input to the process was the report by the Australian Sustainable Built Environment Council (ASBEC) and ClimateWorks [Built to Perform](#) which showed that stronger energy standards could reduce energy bills and network costs, and deliver significant emissions savings.

The Trajectory report to Ministers identified cost effective improvements through the building system, from thermal performance to appliances and renewable energy generation. Its final report was made available to stakeholders (and is attached to this Briefing paper)

The report recommended updating standards in the next iteration of the NCC (a process that will begin in 2019, with the new NCC coming into effect in 2022) but sought agreement to set a trajectory for review in the NCC reviews in 2025 and 2028, to take account of new technology, including batteries and electric vehicles.

It also recommended initiating a similar process to look at existing buildings, as they offer the greatest potential for energy efficiency improvements.

The policy levers for each are different.

***New Housing***

Energy performance standards for housing are set through the [National Construction Code](#) (NCC), which contains all performance requirements for the construction of buildings. Current NCC provisions require all new homes and renovations to achieve a minimum 6-star (5-star for apartments) energy rating. It is administered by the [Australian Building Codes Board](#) (ABCB). It is reviewed every three years.

The ABCB is overseen by the [Building Ministers Forum](#), a COAG ministerial council that aims for harmonised building regulations and standards and collaboration on enforcement and compliance.

COAG Energy Council recommends the energy performance standards to the ABCB, which then conducts its own consultation process, issuing a Regulatory Impact Statement.

Arguments against increased standards have typically focused on the impact on housing and home purchase costs, and that consumers do not request energy efficient design or appliances. Industry buy-in will be important in securing the outcomes that consumer advocacy organisations are seeking.

NCC provisions act as a 'floor' and do not prevent States and Territories from setting more stringent standards applying to their jurisdiction.

### ***Existing Housing***

The NEPP outlined a range of measures to improve efficient energy use, including residential building ratings and disclosure for residential and commercial buildings, and increasing the efficiency of appliances and equipment.

The [Finkel review](#) also recommended that COAG Energy Council engage with relevant portfolio areas, including housing, to identify

- Opportunities to accelerate the rollout of programs helping low-income households access distributed energy and energy efficiency improvements
- Options for subsidised funding mechanisms to support energy efficient appliances, solar panels and batteries for low-income households.

Consumer advocacy has played a key role in ensuring governments are treating this as a priority. Recent research includes

- Victoria's One Million Homes Alliance brought together Victorian environment, consumer, local government and social justice groups to advocate for improved standards, producing
  - [Bringing Rental Standards Up to Scratch](#) – making the case for minimum standards in rental properties
  - [Safe and Sustainable Homes for All: Policy Roadmap to 2025](#)
- Environment Victoria [Smart Clean Energy for All](#) – outlining the suite of policy options for improving existing housing
- ACOSS [Energy Stressed in Australia](#) outlined the disproportionate impact of rising energy costs on low-income households, including renters.
- QCOSS [research and advocacy](#) around a home energy rating scheme, minimum standards for ceiling insulation and lighting, better compliance and better information

The Trajectory report notes that State and Territory Governments are undertaking work in this space but proposes there is value in updating the Trajectory to include existing buildings.

However, many of the policy levers for change sit outside the power of COAG Energy Council, requiring a consumer coalition that can speak to housing, environmental and finance ministers.

**WORKSHOP OUTCOMES**

In order to secure healthy, affordable and comfortable homes, we are hoping the workshop will therefore deliver

- A clear understanding of what we are trying to achieve and by when
- A clear understanding of where there are opportunities for consumers to influence and engage decision-makers
  - and where there are consumer groups already working on those issues
- Identifying supporters/opposers of action
  - And how to engage with them
- Development of key messages that reflect the outcomes that consumers expect
- Agreement on how a coalition of consumer groups will collaborate in that range of processes
- Agreement on how communications with each other will be managed, in order to
  - coordinate on strategies
  - share information and resources.