

Grant Priority Issues

Improving the energy performance of all Australian homes



Purpose of this document

We are interested in exploring high-quality grant projects which address knowledge gaps on this issue. As part of a series, this document aims to provide an overall picture of the issue and the potential areas where your organisation could build knowledge and capacity to support energy policy development or programs to benefit households now and in the future.

There may be other opportunities and challenges relevant to households and small businesses that we have not identified. If you believe your organisation is well placed to address any of the knowledge and capacity gaps that are important to this community, please contact our grants team (grants@energyconsumersaustralia.com.au) or Kerry Connors, Director, Energy Inclusion (kerry.connors@energyconsumers.com.au) to discuss further.

For more information about the Grants Program visit: www.energyconsumersaustralia.com.au/grants.

Summary

Poor energy efficiency in a home has a direct and material impact on people – it makes it hard to manage their energy usage in order to minimise their bills, and adversely affects their health and wellbeing. Making homes more energy efficient is a critical pathway to achieving affordable energy in 2050, and ensuring our homes are climate resilient. But people need help to electrify our homes, phase out gas appliances, and shift our usage to times when energy is abundant. There is work underway, but we need to do more to ensure no one is left behind, and that homes and small businesses get timely, accurate and independent help tailored to their needs.

What is the problem that needs to be addressed?

Most homes in Australia are energy inefficient – homes built before 2003 **rate 1.8 stars** on average while new buildings are now required to meet a 7 star rating. The lower the rating, the more likely that the home is leaking warm air in winter, or cool air in summer. To be comfortable in their homes, people use heaters or air conditioners more often and for a longer time, chewing through kilowatts of energy, and increasing their bills and greenhouse gas emissions.

ECA's most recent **Energy Consumer Behaviour Survey** found that households under financial pressure and renters were far less likely to live in a property with insulation, which is critical to keeping internal temperatures stable. Figure One demonstrates the extent of heat losses and gains without insulation.

Inefficient homes cause harm – there is a growing and significant **evidence base** underlining the critical relationship between housing, energy and residents' health and wellbeing. Victoria's **Healthy Homes** research, working with 1000 low-income households with chronic health issues, saw energy upgrades savings of \$972 on average over winter, and for every \$1 saved in energy, another \$10 was saved in health costs.

This is also a problem as we transition to a clean energy system. Australians will be asked to replace their appliances (including their cars), to shift some of their energy use to different times of day, to consider sharing resources they consider to be their own and to make other potentially significant changes to their way of life. A key challenge for managing the energy transition will be electrifying homes and appliances currently powered by gas.

We need to ensure our homes are resilient to extreme weather events, including increased very high temperature days in regional Australia and **urban heat islands** in our cities.

Once we acknowledge the imperative for change, and the broader societal benefits, putting the onus and responsibility for change entirely on the people who own those homes – whether they live in them or rent them – seems pretty unfair.

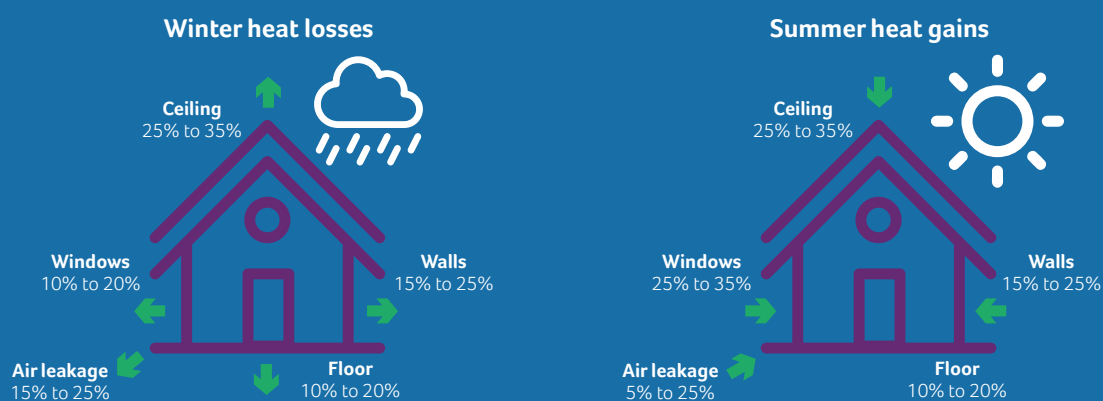


Figure 1: Typical heat losses and gains without insulation in a temperate climate

Source: *Energy Smart Housing Manual (2020)*

Why is this a priority for Energy Consumers Australia?

Our aspiration is that by 2050 all homes will be resilient, their energy costs affordable and fossil fuels will no longer be used for heating, cooling, hot water, cooking and transport. To achieve that goal, we want to ensure consumers get timely, accurate and effective support to make changes to their homes, appliances and energy habits.

What work is currently underway?

GOVERNMENT

The Commonwealth Government's ***National Energy Performance Strategy***¹ (the Strategy) aims to lift Australia's overall energy performance – energy efficiency, load switching, fuel switching and behaviour change – to lower energy costs, reduce emissions, improve consumers' health and comfort and take pressure off the energy grid. Improving the energy performance of homes will be an important part of the Strategy, which should be finalised in mid-2023. Some of the actions outlined below may be accelerated or expanded through the Strategy.

All Australian states and territories are working with the Commonwealth on the ***Trajectory for Low Energy Buildings***, a plan to achieve zero energy commercial and residential buildings. Governments have set up a series of working groups looking at the range of policy levers to improve new and existing homes and business premises. A major work program has been established from 2019-2024. Decisions will be taken in the next 12 months that provide immediate benefit to consumers:

Rental minimum standards

- The Trajectory is considering how best to implement minimum energy efficiency standards for rented homes, recognising the split incentive has been a longstanding obstacle to upgrading those homes, as landlords do not see the benefits.
- A Framework is being developed to lay out how minimum standards could be adopted and implemented in each jurisdiction, with a draft Framework finalised in late 2022.
 - ♦ Victoria and ACT are moving ahead earlier.

Reporting – developing a Framework for National Disclosure

- Ministers have released a draft ***national framework*** outlining the structures required to implement a national framework to disclose the energy efficiency of a home on sale or lease.
- While the Framework is national, it will require implementation through jurisdictional legislation, which sits outside energy law.

¹ For ECA's submission, see <https://energyconsumersaustralia.com.au/publications/submission-to-the-national-energy-performance-strategy-consultation-paper>

Residential buildings – upgrading the National Construction Code

- Energy Ministers have a statutory responsibility to recommend energy efficiency standards to Building Ministers for the National Construction Code (NCC), which is used by all States and Territories as the standard for all new homes.
- Australian Building Ministers adopted Energy Ministers’ recommendation to mandate that all new homes from 1 October 2023 should be 7 stars.
 - ◆ Jurisdictions decide when that regulation is implemented in their State or Territory, and some have chosen to extend when that requirement becomes mandatory.

In jurisdictions where gas heating, hot water and other appliances are common, there is work to develop policies and programs to electrify homes – [Victoria](#), [Tasmania](#) and [ACT](#), are already proposing action (see our [Gas Transition in Homes](#) explainer for more information).

COMMUNITY ACTION

The [Healthy and Affordable Homes](#) is a community-led coalition comprising over 105 organisations who support improving housing. Its members input to policy and regulation, and collaborate on advocacy for their members and constituents.

The [Healthy Homes for Renters](#) campaign, coordinated by Better Renting, includes over 120 organisations supporting minimum standards for rental homes. This coalition is coordinating on jurisdictional advocacy, given the policy levers all sit with States and Territories.

There is a growing body of researchers in Australia, demonstrating the harm caused by energy inefficient homes, including [Healthy Housing, a NHRMC Centre of Excellence](#), [Australian Housing and Urban Research Institute](#) and [RACE for 2030](#).

What actions has Energy Consumers Australia undertaken?

Energy Consumers Australia is focusing its efforts on actions that deliver immediate impact on energy bills and support consumers to make what can be complex and expensive decisions to their homes or small business premises.

To ensure our advocacy is grounded in consumer needs and preferences, Energy Consumers Australia, in collaboration with Renew, commissioned [research](#) to ask people about the energy efficiency of their homes. It found that most people (83%) say they know about energy efficiency, but tend to think it means expensive upgrades.

Only a small proportion of people are actively planning action, which was also echoed in our [Energy Consumers Behaviour Sentiment survey](#). The research also demonstrated high levels of support for government-led initiatives to improve the performance of our homes.

ECA is prioritising action on the “4 Rs”

Retrofitting existing homes

Reporting the energy performance of a home at point of sale or lease

Rental standards mandating minimum energy efficiency

Residential buildings –improved standards for all new homes

Gaps in the work program and evidence-base – what else needs to be addressed?

POLICY AND REGULATORY SETTINGS

People will be asked to make changes to their homes that may be complex, disruptive and expensive – people **support reform**, but need help. Government policy should address the barriers people face to upgrading their homes (e.g. understanding what's the most impactful action, what's the right appliance, what should they expect from their tradesperson) and provides them with the right support. Policy and regulation should address the various barriers faced by different groups of consumers, to ensure that no-one is left behind in the energy transition.

Because policy levers are mostly jurisdictional, there is a new level of coordination required between all levels of Australian governments, including local governments which are well-placed to deliver programs tailored to the needs of their communities.

ADVICE, INFORMATION AND TOOLS

Consumers tell us that they do not feel confident they have the right information, advice and tools to manage their energy bills and energy usage, or know what they need to do to improve the energy efficiency of their homes. We need to help people identify what are the most impactful changes they can make within their budget.

We need further research into how to deliver tailored, accurate and timely help for different types of households and small business navigating complex decisions.

There are significant barriers to action for many, for example renters, people on low-incomes, or people living in areas of Australia where it may be difficult to find tradespeople. We need to develop ways to remove the friction for people and make it easier to take action.

WORKFORCE

People **told us** they were concerned that there was a shortage of skilled tradespeople for renovation projects, as well as poor experiences in the past with cost and timeline over-runs. Ensuring tradespeople are providing people with accurate advice will be a critical element in skilling up the workforce to retrofit existing homes. There has also been limited consideration of enforcement and compliance approaches and mechanisms but they will be critical in building consumer trust.

FINANCIAL INCENTIVES

More energy efficient homes deliver system benefits – reducing emissions, shaving peak demand and deferring unnecessary generation or network investments. The collective societal benefit is significant, supporting a case to provide appropriate financial incentives for consumers to undertake what can be disruptive and costly actions.

There is research to be done to identify what financial incentives will encourage homeowners, renters and landlords to act to improve the energy performance of their homes.

SMALL BUSINESSES

Work to date has focused on household benefits and policies. There is a substantial research gap in considering the interests of small business – how they can be supported, obtain advice, and access information, advice and tools to help them make decisions about their premises and assets.

We welcome your ideas on how to address these priority issues. To find out more about the Grants Program, [click here](#).