



Committee Secretary
Senate Standing Committee on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

Marjorie Black House
47 King William Road
Unley SA 5061

P. 08 8305 4222
F. 08 8272 9500
E. sacoss@sacoss.org.au
www.sacoss.org.au

ABN 93 197 662 296

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RE: Treasury Laws Amendment (Improving the Energy Efficiency of Rental Properties) Bill 2018

As the peak body for the health and community services sector in South Australia, the South Australian Council of Social Service (SACOSS) has an established history of interest, engagement and provision of advice in relation to the production and supply of energy. SACOSS' advocacy is informed by our members and direct consultations with consumers and other consumer organisations: organisations and individuals who witness and experience these impacts in our community.

SACOSS thanks the Senate Standing Committee on Environment and Communications for the opportunity to make a submission on the Treasury Laws Amendment (Improving the Energy Efficiency of Rental Properties) Bill 2018 (the Bill). SACOSS is strongly supportive of this Bill, which incentivises landlords to provide energy efficiency upgrades on rental properties. SACOSS agrees with Senator Storer who has said that this Bill could be an important "platform for bigger steps to incorporate energy efficiency requirements in the National Construction Code".¹

It has been well documented by SACOSS and others that the cost and supply of basic necessities like energy have significant and disproportionately greater impacts on low income and vulnerable people. South Australian households are particularly impacted due to the State's relatively high electricity bills.

SACOSS analysis of the *Household Expenditure Survey* shows that energy affordability has a regressive impact on households depending on household tenure.²

In South Australia, over a quarter of the population are renters, with rental occupancy growing steadily since 1981.³ Figure 1 below shows that of those renting, the number of private renters has increased since 1996, with a corresponding decline in the number of South Australians living in public housing.

¹ Senator Tim Storer (2018) "Energy Efficiency Incentives for Rental Homes" Media Release

² ABS (2017a) *6530.0 Household Expenditure Survey, Australia 2015-16*, Australian Bureau of Statistics, Canberra

³ Shelter SA (2015) *House for Rent – Apply Within: A Report on renting in South Australia*, Shelter South Australia, Adelaide; ABS (2017b) *Census of Population and Housing 2016*, Australian Bureau of Statistics, Canberra

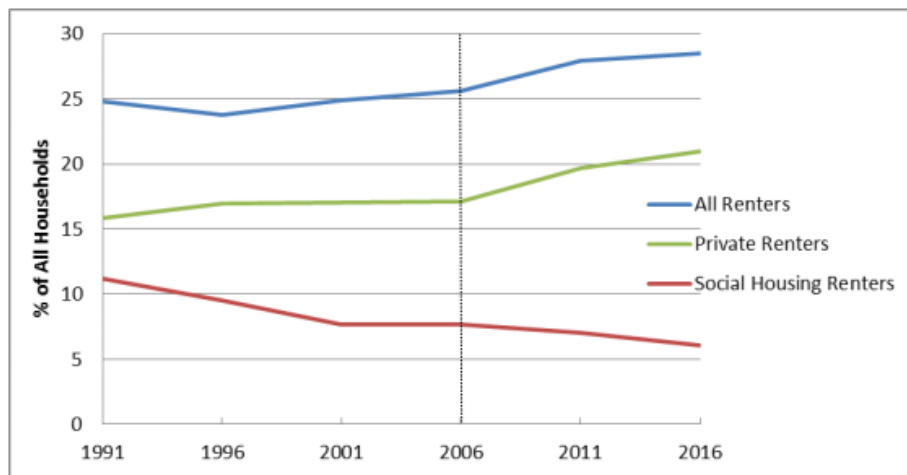


Figure 1: Rentals as a Proportion of All SA Households

Source: SACOSS calculations from ABS Census data, 2001, 2016

On average renter households have lower incomes than others (nationally \$267 per week or 15% below the average of all households).⁴ This means it may be harder to afford energy efficient technology and activities which would help to lower household energy bills, such as insulation, glazing, upgrading water heaters or solar panels. And even if renters could afford such energy/cost saving technology, there are additional barriers to investing in it, including short term rental tenures and difficulties in gaining authorisation to alter elements of the rental property such as electrical wiring, fixtures or fixed appliances.⁵

Further, with energy costs being born by tenants, there is very little incentive for landlords to invest in energy saving technologies.

Energy inefficient housing places low income people at greater risk of energy bill stress, disconnection and going without life's essentials. It has also been well established that energy inefficient housing, particularly in the context of high prices, poses serious health and safety impacts.⁶ There has been a significant amount of research undertaken across Australia which has demonstrated a clear link between housing quality and energy efficiency impacts on health and safety, particularly for vulnerable households.

The Low Income Energy Efficiency Program (LIEEP)⁷ was a Commonwealth Government grants program, which provided 20 grants worth \$55.3 million to a consortia of government, business and community organisations to trial approaches to improve the energy efficiency of low income households and enable them to better manage their energy use. One of the key recommendations from the LIEEP GV Community Energy Report (the GV Report) relating to housing stock was to 'establish minimum dwelling energy efficiency standards for private and public rental properties'.⁸

Energy Consumers Australia (ECA) has received \$2 million of Commonwealth Government funding over three years to undertake Power Shift, an independent review of the LIEEP findings. The purpose of the

⁴ ABS (2017c) *Census of Population and Housing 2016*, Australian Bureau of Statistics, Canberra

⁵ QCOSS (2017) *Choice and Control: The Experience of Renters in the Energy Market*, Queensland Council of Social Service, Brisbane

⁶ Centre for Urban Research RMIT University, *Heatwaves, Homes and Health: Why household vulnerability to extreme heat is an electricity policy issue*, November 2017 http://cur.org.au/cms/wp-content/uploads/2017/11/heatwaves-homes-and-health-rmit_full-report.pdf

⁷ See for example the GV Community Energy Power Down Project, Low income energy efficiency program, April 2016 <https://www.environment.gov.au/system/files/energymog/files/gv-community-energy.pdf>

⁸ Ibid p10

Power Shift program is to use the evidence base of the LIEEP to encourage industry and government to develop products and programs that help consumers minimise bills and protect their health and safety.

In October 2017, Energy Consumers Australia (ECA) launched the Multiple Impacts of Energy Efficiency,⁹ which has identified that energy efficiency measures can impact, amongst other things, the health and wellbeing of Australians.

A report released by the Centre for Urban Research, RMIT University (the RMIT Report), has drawn a clear causal link between energy costs and health and safety risks. The RMIT Report states that ‘together, poor quality housing and high electricity costs compromise health and wellbeing in Australia’.¹⁰

The RMIT Report states there is ‘a clear need for cross-sectoral collaboration between the energy, housing and appliance sectors to address household’s exposure to indoor heat through housing design, housing and appliance regulations and standards, retrofit programs, incentives and other schemes.’¹¹ The Report highlights economical home ventilation as a priority, including ensuring there are windows and security doors which can be opened to reduce indoor temperatures overnight and mechanisms to encourage the installation of ceiling fans.

More broadly, the RMIT Report recommends:

- Improving housing quality and energy efficiency for heat vulnerable households, including strategies for public and private rental housing.
- Integrating heat vulnerability assessments into existing housing programs and services such as energy efficiency assessments and public housing maintenance inspections.
- Improving access to home air conditioning for households in extreme circumstances e.g. poor quality public housing, elderly and frail residents, chronic conditions exacerbated by extreme heat.¹²

If vulnerable people cannot afford to heat or cool their home, or their homes simply do not stay cool or warm, they can find themselves rapidly and gravely ill. A recent study by Dr Thomas Longden of the University of Technology Sydney¹³ found a large number of deaths during heatwaves Australia wide, with Adelaide, on a per capita basis, having the highest number of deaths of all of Australia’s capital cities.¹⁴

As highlighted in the Committee’s report into ‘Current and future impacts of climate change on housing, buildings and infrastructure’¹⁵, often low income and vulnerable Australians find themselves living long term in rental housing that is highly energy inefficient. As tenants they have little power or resources to make

⁹ <http://energyconsumersaustralia.com.au/wp-content/uploads/Multiple-Impacts-of-Energy-Efficiency.pdf>

¹⁰ Centre for Urban Research, RMIT University, Heatwaves, Homes and Health: Why household vulnerability to extreme heat is an electricity policy issue, November 2017, p42

¹¹ Ibid p42

¹² RMIT Report p43

¹³ Longden, T. 2018, 'Measuring temperature-related mortality using endogenously determined thresholds', *Climatic Change*.

¹⁴ The study found that the number of deaths due to heatwaves in Australia's five largest capital cities during that period was highest in Melbourne, followed by Sydney, Adelaide, Perth and Brisbane. Melbourne recorded 1283 deaths, Sydney had 768, there were 549 recorded in Adelaide, Perth had 532 and Brisbane had the least with 220. But when the statistics were broken down — on a per capita basis — Adelaide was the hardest-hit capital city, followed by Melbourne and Perth. See ABC article, 15 August 2018 at <http://www.abc.net.au/news/2018-08-15/heatwaves-more-deadly-in-melbourne-and-adelaide/10119316>

¹⁵ Senate of the Commonwealth of Australia, Environment and Communications Reference Committee, ‘Current and future impacts of climate change on housing, buildings and infrastructure’, August 2018 https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/CCInfrastructure/Report

improvements to increase the energy efficiency of their homes, reduce their bills and provide for a comfortable and safe living environment.¹⁶

SACOSS welcomes the Bill as an important opportunity to target rental property energy inefficiency by providing landlords with an incentive to improve the energy efficiency of their properties for the benefit of their tenants.

SACOSS notes that the specific reform to allow landlords to claim a tax offset of up to \$2,000 a year for energy efficiency upgrades on rental properties where the rent is \$300 a week or less is “deliberately designed to have modest take-up” with “the broader purpose [of] the Bill [being] to chart a way for Australia to transition towards more ambitious and transformative energy efficiency initiatives... that are sorely needed”.¹⁷

We thank you in advance for consideration of our comments. If you have any questions in relation to this submission, please contact Jo De Silva on _____ or _____.

Yours sincerely,

Ross Womersley
Chief Executive Officer

¹⁶ City Futures Research Centre, UNSW, *Submission 24*, p. 1.

¹⁷ Senator Tim Storer, Second Reading Speech, Treasury Laws Amendment (Improving the Energy Efficiency of Rental Properties) Bill 2018