

5 October 2018

Christine McDonald
Secretary
Environment and Communications Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

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Dear Ms McDonald

TREASURY LAWS AMENDMENT (IMPROVING THE ENERGY EFFICIENCY OF RENTAL PROPERTIES) BILL 2018

The Australian Sustainable Built Environment Council (ASBEC) welcomes the consideration by the Senate Environment and Communications Legislation Committee of a measure to improve the energy efficiency of rental properties.

ASBEC is a body of peak organisations committed to a sustainable built environment in Australia, with membership consisting of industry and professional associations, non-government organisations and government observers who are involved in the planning, design, delivery and operation of our built environment. Collectively, ASBEC's membership has direct reach to more 350,000 professionals in the built environment sector and represents an industry worth more than \$700 billion in value.

Buildings contribute nearly half of Australia's electricity consumption and almost a quarter of the country's emissions. The building sector presents a profound and cost-effective opportunity energy productivity and also emissions reduction. [Low Carbon, High Performance](#), authored for ASBEC by ClimateWorks, provides a policy roadmap for realising this opportunity. This report shows how Australia's built environment sector is uniquely placed to become a global market leader in energy and sustainability, with buildings presenting low cost opportunities deliver almost \$20 billion in energy savings, as well as other benefits.

Strong policies are critical to address existing barriers and accelerate actions. ASBEC has identified five key policy solutions which could support a transition to high performance buildings:

- **Establish national plan towards zero carbon buildings by 2050** - This includes supporting policy frameworks, governance arrangements with interim and long-term targets, clear responsibility at Ministerial level, co-ordination across different spheres of government and public reporting requirements.
- **Set strong mandatory minimum standards** - Creation of strong minimum standards for buildings, equipment and appliances, and establishment of a forward trajectory for future standards.
- **Create targeted incentives and programs** - Support higher performance in the short-to-medium term through incentives and programs including the use of government market power and a range of financial incentives for building owners and tenants.
- **Reform the energy market** - Support the implementation of cost-effective energy efficiency and distributed energy improvements by removing energy market barriers and distortions.
- **Resource appropriate energy data, information, research and education measures** - Enable informed consumer choice and support the innovation, commercialisation and deployment of new technologies and business models for delivery of energy efficiency and distributed energy solutions.



A strong public benefit exists for improving the energy performance of rental properties.

The poorest performing homes are often rental properties occupied by low income and vulnerable households, who have a greater need to contain living costs including energy costs, and less capability to engage with landlords to rectify very poor energy performance of rented properties. In this context, the introduction of tax incentives and also mandatory minimum energy performance standards for rental properties is justified as a consumer protection measure. In addition to this, low income and vulnerable households are often the recipients of financial assistance from state and territory governments. Improving the quality of low income housing could reduce this burden, providing another reason to invest effort in this space.

The COAG Energy Council's National Energy Productivity Plan includes a project to develop a set of best practice guidelines for service providers to help 'reduce the barriers to vulnerable consumers effectively engaging with energy productivity measures and services'. However, there are very strong structural barriers to low income households securing improvements in their rented homes, particularly the split incentive between renter and landlord, and the power imbalance between vulnerable renters and their landlords which means that many are reluctant to and not equipped to demand improvements. Tax incentives would assist in addressing these barriers. Additionally, mandatory minimum standards requiring the landlord to prove at the time of lease that the home meets the minimum standard would be more likely to overcome these barriers than voluntary measures alone.

ASBEC supports the proposal to amend the Income Tax Assessment Act 1997 to allow landlords to claim a tax offset of up to \$2000 per year during a three-year trial period for energy efficiency upgrades to rental properties leased at \$300 per week or less. This is a timely Bill which not only advances ASBEC's priority of improving building energy performance, but aligns well with [the call by a broad coalition of consumer bodies, including Energy Consumers Australia, ACOSS and the Public Interest Advocacy Centre](#) for "policies and programs ... to ensure that all Australians can afford the energy they need to have a healthy and comfortable home."

We also encourage the Senate Environment and Communications Legislation Committee to consider further measures to address the energy performance of rental properties, including mandatory minimum energy performance standards.

Yours Sincerely

Suzanne Toumbourou
Executive Director