



**Submission to the Environment and
Communications Legislation Committee regarding
the Treasury Laws Amendment (improving the
Energy Efficiency of Rental Properties) Bill 2018**

**Prepared by
COTA Australia**

3 October 2018

COTA Australia

COTA Australia is the national consumer peak body for older Australians. Its members are the State and Territory COTAs (Councils on the Ageing) in each of the eight States and Territories of Australia. The State and Territory COTAs have around 30,000 individual members and more than 1,000 seniors' organisation members, which jointly represent over 500,000 older Australians.

COTA Australia's focus is on national policy issues from the perspective of older people as citizens and consumers and we seek to promote, improve and protect the circumstances and wellbeing of older people in Australia. Information about, and the views of, our constituents and members are gathered through a wide variety of consultative and engagement mechanisms and processes.

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Response

COTA Australia regards the Treasury Laws Amendment (Improving the Energy Efficiency of Rental Properties) Bill 2018 as a worthwhile measure to assist people renting their home to reduce energy consumption, and to help keep their home warm in the winter and cool in the summer, by providing incentives to owners of rental properties to upgrade and improve the energy efficiency of these properties.

While energy efficiency, and safe and comfortable climate at home, is of significant importance for people of all ages, it can be of particular importance for older people, due to issues such as illness, limited mobility to move and keep warm or to visit a better climate controlled environment in their local area, and financial stress from often rising energy costs and general cost of living expenses.

Cost of living pressures are particularly difficult for older people who are renting their home. It is estimated that just over 44 per cent of low income households in Australia were spending more than 30 percent of their gross income on housing costs in 2015-16¹, and that older people represented a significant proportion of the Australian population (15.7% in 2016²).

A major challenge for many older people who are renting their home is being able to afford increasing costs for essentials such as electricity, gas, food, rent, medical and dental expenses. Moreover, economizing too far on these essentials can lead to increased health issues, social isolation and sometimes homelessness. COTA therefore welcomes this proposed amendment to the Treasury Laws to contribute to improved energy efficiency for rental properties, as it has the potential to support older people who are renting their home to reduce energy consumption and costs and improve the quality of their home climate.

COTA recommends a change to the rent threshold, which form part of the requirements for tax offset entitlement, from the proposed \$300 per week or less, to a rent threshold of \$400 per week or less. This is because there are limited properties for rent for \$300 or less per week in the capital cities, and some regional cities. We understand that the \$300 per week has been proposed as it is a rent that was approximately 30% below median market value rent in 2016, and that this may be an approach to measure low economic resource households. However, COTA suggests that many older people on low incomes may need to pay more than \$300 per week in rent for their home, particularly in capital cities; and that rents frequently increase annually.

COTA suggests the removal of the Amendment's exclusion of entitlement for a property owner to claim a tax offset for installation or replacement of appliances installed in the first year of the property. It is argued in the Amendment's explanatory notes that the intention of this exclusion is to avoid the consequence that a more energy efficient appliance is installed in a building where performance remains weak, which would result in limited benefit to the person renting the property. COTA's view is that the installation of a more efficient stove, heater or airconditioner may well provide worthwhile benefits to the person renting their home,

particularly where the existing appliance is very low in energy efficiency. This would assist the person to reduce their energy consumption.

Conclusion

COTA regards this Treasury Law Amendment as a worthwhile initiative to contribute to more energy efficient homes for older people renting their home, to assist older people in managing energy consumption and costs; and to support a safer and more comfortable living environment.

COTA recommends that the rent threshold is lifted to \$400 per week or less; and the removal of the exclusion of entitlement for a property owner to claim a tax offset for installation or replacement of appliances installed in the first year of the property.

COTA encourages the Committee to recommend that the government adopt this Amendment and incorporate it into the legislation.

¹ Australian Bureau of Statistics; 41300, Table 22, Housing Occupancy and Costs; Australia, 2015-16;

² ABS; 2071.0 Census of Population and Housing: Reflecting Australia - Stories from the Census, 2016 - Snapshot of Australia; Table 3. Age and Sex, Count of persons(a) - 2011 and 2016.