

Driving a pandemic recovery that addresses household energy challenges

The energy performance of Victoria's homes is an important but under-recognised issue. Energy prices receive much more attention, but the amount of energy used is also a major contributor to household energy costs. The issue is worse for vulnerable and low-income households, which are often in poor quality housing stock and less able to keep their homes at a comfortable and healthy temperature.

An estimated 2,600 Australians die each year due to the impacts of cold weather, magnified by the poor quality of many homesⁱ. Many of these deaths are avoidable - Australia has a 76 per cent higher rate of deaths linked to cold weather than Sweden, a country that is far colder than Australia but has enforced much stronger standards for homesⁱⁱ. Research also shows that, if the energy star rating of existing homes was increased to 5.4 stars, heat-related deaths could be reduced by 90 percentⁱⁱⁱ.

The restrictions on movement put in place to manage the spread of COVID-19 during a cold autumn crystallised how difficult it is for households to maintain a comfortable home while keeping their bills affordable.

For more than a decade, the One Million Homes Alliance – the signatories to this statement – has worked to improve the efficiency of Victoria's homes, with a particular focus on those experiencing social or economic disadvantage. We are a broad coalition, including social, community, consumer and environment groups.

Together, we call for the Victorian government to ensure the state's pandemic recovery delivers immediate support on energy bills to those who need it most while also driving a step-change in household energy performance.

The coronavirus pandemic has brought to the fore this long-standing problem that causes avoidable health impacts, financial hardship and unnecessary greenhouse gas emissions. Solving this problem can bring direct benefits to households, create thousands of local jobs all across the state, ensure permanent energy bill savings, reduce strain on our electricity grid at peak times, and support Victoria's efforts on climate change. By investing in energy efficiency, we can build back better.

Endorsed by:

Australian Energy Foundation, Better Renting, Brotherhood of St Laurence, Central Victorian Greenhouse Alliance, Consumer Action Law Centre, Energy Efficiency Council, Environment Victoria, Financial Counselling Victoria, Goulburn Broken Greenhouse Alliance, Jesuit Social Services, Northern Alliance for Greenhouse Action, Renew, Victorian Council of Social Service, Victorian Trades Hall Council, Tenants Victoria, Uniting Care, Yarra Energy Foundation

Elements to include in recovery plans to address household energy challenges:

- **Immediate support for low-income and vulnerable households. While we commend the government's \$3.7 million [financial hardship support package](#), we also call for:**
 - Paying out all unresolved Utility Relief Grant Scheme applications: The pandemic is expected to exacerbate the existing backlog of claims. Approving all applications immediately would relieve disadvantaged Victorians and allow them to spend on essential items and to avoid accumulating more debt.
 - As community organisations have already highlighted, an increase to concessions and to the Utility Relief Grant payments scheme would further assist disadvantaged Victorians.
- **Fully-funded household retrofit packages for low-income homeowners, social housing homes, and low-income rental properties.** Vulnerable households would benefit the most from a retrofit program through permanent bill savings. However, low income homeowners are unable to afford the up-front cost of upgrades, while renters rely on unwilling landlords to pay for retrofits out of their own pockets. Also, tenants of social housing are stuck with whatever accommodation they are given.
 - Fully-funded household retrofits would assist vulnerable households in overcoming the barriers to making their homes safe and comfortable while reducing their bills.
 - The retrofit grant conditions would require that tenants benefit from the upgrade by restricting rent increases for two years to a) the rent amount at the time of accepting the grant + CPI or b) an assessed market rent for the property, whichever is **lower**. Also, rules would need to apply to ensure landlords cannot evict a tenant following an upgrade in order to re-rent the property at a higher rate following the upgrade. Grant terms must be disclosed in the Tenancy Agreement. Landlords benefit from improved capital value of the property.
 - All low-income homeowners, social housing homes, and low-income rental properties would be entitled to a free energy audit. The outcome of the energy audits would help prioritise household retrofits.
- **Subsidies for low-income households to replace inefficient appliances or purchase new energy efficient appliances.** Subsidising efficient appliances would quickly reduce energy bills and increase disposable income to be spent elsewhere in the economy. An appliance replacement scheme can also be implemented during current restrictions and would stimulate jobs in community services, retail, local manufacturing and supply chains. This could be delivered through a significant ramping-up of the Victorian Energy Upgrades program.

- **Disclosure of energy efficiency ratings for new and existing homes** when they are advertised for sale. Energy efficiency ratings for homes are mandatory in the ACT, Europe and many other parts of the world. COAG agreed to the introduction of energy efficiency ratings for homes in 2009, but ministers outside of the ACT have yet to deliver on this commitment. This helps send a clear market signal to invest in improving energy performance.
- **Re-visiting the energy standards established by the now-delayed amendments to the Residential Tenancies Act.** Given that Victorians will be spending more time at home during winter due to the pandemic, improving the comfort, safety and energy efficiency of our homes is more important than ever. We call on the government to commit to increasing its ambition regarding the minimum energy efficiency standards of rental homes (in class 1 and 2 buildings), including appliances, as outlined in our December 2019 submission. This should create minimum standards for insulation, draught-proofing and hot water, as well as raising standards for heating and other appliances.



ⁱ Gasparrini et al, 2015 "Mortality risk attributable to high and low temperature: a multicountry observational study" *Lancet* 2015; 386: 369-75.

ⁱⁱ *ibid*

ⁱⁱⁱ Centre for Sustainable Infrastructure 2018, Swinburne University of Technology, Submission 9, pp. 3-4