

HOME TRUTHS

A LACK OF INFORMATION ABOUT HOUSEHOLD ENERGY NEEDS IS COSTING VICTORIANS

Background

As we prepare for the latest round of lockdown restrictions during the coldest August days in decades, many people have suddenly become acutely aware of the inefficiency of their homes.

One of the reasons for our notoriously inefficient homes is the absence of laws in Victoria requiring real estate agents to provide a property's energy rating, or any energy efficiency information, during the selling process.

This leaves house hunters in the dark about the many health, financial and environmental benefits of housing with better energy performance. Consequently, people often have little idea whether they're about to move into a home that is unbearably hot in summer and frigid in winter. House hunters have a right to know how their home will perform before they move in.

To find out how much real estate agents know about the energy efficiency of their properties, Environment Victoria conducted under-cover surveys of over 300 real estate agents at open-for-inspections across the state.

Real estate agents were asked:

1. Can you tell me the energy star rating of this property?
2. Are you able to tell me the energy running costs for this property?
3. Are you able to point out the energy efficiency features of this property?
4. Does this property have insulation?

Key Findings

- Estate agents' knowledge of energy efficiency is very low across the board.
- 91% could not identify the property's energy rating
- Only 1% could offer any information about likely energy running costs
- 46% could not identify any energy-saving features of the home
- 68% could not say whether the home had insulation

Discussion

If energy efficiency information was more readily available, house hunters would be able to make more informed housing choices, which could help people avoid shivering through icy winters like the one we're experiencing during lockdown

To the extent that house-hunters aren't asking for information about energy efficiency, we argue this is an information failure trapped in a Catch-22: the information isn't provided, so house-hunters aren't aware of the benefits of energy efficiency, so they aren't seeking out the information, which means agents have little incentive to provide it.

Recommendations

1. The Victorian government should require real estate agents/vendors to disclose the energy rating of their property at point of sale ("mandatory disclosure")
2. Minimum energy efficiency standards for rental properties should be introduced, since disclosure alone is unlikely to lead to significantly improved energy performance

Quick stats about energy efficiency

- Victorian homes have notoriously poor energy performance, averaging an efficiency rating of just 1.8 stars
- Our homes consume about 20 percent of the state's total energy and are responsible for around 15 percent of Victoria's greenhouse gas emissions
- Basic energy efficiency upgrades could save a household over \$1000 per year on energy bills
- In recent years, hundreds of Victorians have been hospitalised for hypothermia – 80% of elderly people presenting to hospital with hypothermia developed it inside a home
- Energy efficiency reduces strain on our energy grid, cuts energy bills and keeps homes at a more comfortable temperature