



Submission on the National Energy Productivity Plan Policies for Existing Buildings

April 2019

Commercial Buildings - SRG Meeting Feedback March 2019	
<p>1. Is there anything missing from the summary of policy options for improving existing commercial buildings?</p>	<p>No documents provided by NEPP team.</p>
<p>2. What policy options do you think present the greatest opportunities to improve the energy performance of existing commercial buildings, and what do you think the order of priority, or suite of options, should be?</p>	<p>There are several barriers to building upgrades, which vary based on the type of building, occupancy and ownership. Accordingly, an integrated strategy of multiple policies will be required to deliver energy savings. Key policies include</p> <p><u>Governance and funding</u></p> <ul style="list-style-type: none"> • A national strategy to upgrade buildings requires long-term, stable funding and involvement from multiple jurisdictions and portfolios (e.g. energy and buildings) Current governance arrangements are inadequate. Australia needs an independent statutory body to coordinate commonwealth, state and other issues on energy efficiency. Governments should collectively invest at least \$100 million over the next 4 years in a 'clean cities' program for commercial buildings to invest in a range of measures, including tools and policy trials. <p><u>Upgrade government-owned and occupied buildings</u></p> <ul style="list-style-type: none"> • Governments should collectively invest at least \$1 billion over 10 years to raise the energy efficiency of their buildings, including health, education water, police and defence facilities. This investment will deliver far more in savings than expenditure, strengthening budgets. <p><u>Leverage government procurement to upgrade hotels and rented offices</u></p> <ul style="list-style-type: none"> • Preference government occupation and use of hotels, offices and other buildings with higher energy efficiency performance. <p><u>Expand the Commercial Building Disclosure Program</u></p> <ul style="list-style-type: none"> • Expand to shopping centres, hotels, tenancies and other categories <p><u>Minimum standards for rental commercial properties</u></p> <ul style="list-style-type: none"> • While premium and A-grade commercial buildings have achieved high performance, smaller lower-grade buildings are fundamentally different and many will only improve if there are minimum standards. The UK has recognised this and introduced minimum health, safety and energy efficiency standards for rented commercial properties. <p><u>Trials for incentive programs</u></p> <ul style="list-style-type: none"> • Incentive programs can play a valuable transitional role before minimum rental standards come into effect. Incentives will be more effective if they are based on existing systems that motivate building owners (e.g. property rates). Incentives could be revenue-neutral e.g. lower rates for buildings that perform over 4 star NABERS, higher rates for buildings that perform below 4 star NABERS.

Attachment C

3. What are the key considerations that need to be taken into account with the policy options identified?	No comment
4. What research might assist in progressing this work?	Australia requires a ten year funding stream for both research and learning-by-doing (e.g. trials of incentives)
5. Would you be interested in attending a workshop in person at some point during June/July/August? If so, what jurisdiction/s would be your preferences?	Yes. Preference Melbourne.
6. Do you have any other comments or suggestions?	No comments
<p>List any research or data sources that is relevant to informing these questions or the project.</p> <ul style="list-style-type: none"> • Murray-Leach, Robert (forthcoming) <i>The World's First Fuel – How Energy Efficiency is Reshaping Global Energy Systems</i>, Energy Efficiency Council, Melbourne. • Energy Efficiency Council 2016 <i>Energy Efficiency Policy Handbook</i>, Energy Efficiency Council, Melbourne • Garnaut, R. 2008, <i>The Garnaut Climate Change Review</i>, Melbourne University Press, Melbourne. 	

Please return your responses to these questions by no later than **Wednesday 17 April 2019** to NEPPSecretariat@environment.gov.au.

Residential Buildings –SRG Meeting Feedback March 2019	
<p>1. Is there anything missing from the summary of policy options for improving existing homes?</p>	<p>Three key missing reforms are:</p> <p><u>Governance</u></p> <ul style="list-style-type: none"> • A national strategy to upgrade homes requires long-term, stable funding and involvement from multiple jurisdictions and portfolios (e.g. energy and buildings) Current governance arrangements are inadequate. Australia needs an independent statutory body to coordinate commonwealth, state and other issues on energy efficiency. <p><u>Energy Efficiency First</u></p> <ul style="list-style-type: none"> • Delivering energy services at lowest cost requires energy markets, building standards and retrofit strategies to work together. COAG Energy Council should adopt the principle of ‘efficiency first’ (see attached confidential paper) <p><u>Upgrade programs</u></p> <ul style="list-style-type: none"> • Mass rollout programs for particular types of upgrade should be considered as part of this strategy. • The EEC recommends governments fund substantial research and trials to encourage full building renovations over the next five years, with potential roll-outs thereafter.

<p>2. What policy options do you think present the greatest opportunities to improve the energy performance of existing homes, and what do you think the order of priority, or suite of options, should be?</p>	<p>There are several barriers to building upgrades, and these barriers vary based on the type of building, occupancy and ownership. Accordingly, an integrated strategy of multiple policies will be required to deliver energy savings. However, it's important to stage the introduction of policies for both practical, technological and political reasons. The most urgent policies are:</p> <p><u>Minimum energy efficiency standards for residential rental properties</u></p> <ul style="list-style-type: none"> • Over 30 per cent of Australians live in rented accommodation. • Minimum standards are the only policy option that will bring rental accommodation up to an acceptable standard for health, safety and affordability. Experience clearly demonstrates that landlords respond poorly to incentives and voluntary programs. • A survey in February 2018 found that 80 per cent of the population supports minimum standards for rental properties. • States and territory governments need to introduce standards. The Australian Government should offer grants to landlords of low-cost rental accommodation to bring them up to standard. This incentive should last for two years and only apply to states that introduce acceptable standards. <p><u>Mandatory disclosure of energy efficiency at sale and lease</u></p> <ul style="list-style-type: none"> • Disclosure is essential to provide an incentive for the upgrade of existing properties. • Disclosure needs to be mandatory to be effective (see Garnaut 2008 and Fuerts and Warren-Myers 2018). The scheme should be voluntary for 1 year, then mandatory at the point of sale for 2 years, then mandatory at both the point of lease and sale. <p><u>A national strategy for upgrading public and vulnerable housing</u></p> <ul style="list-style-type: none"> • A joint federal, state, territory a local program is needed to upgrade existing homes. The Australian Government should contribute at least \$500 million to enhance existing state and territory programs and ensure that they are all up to standard, and fund a long-term program <p><u>Establishing energy efficiency schemes (e.g. the NSW Energy Saving Scheme) in all states and territories</u></p>
<p>3. What are the key considerations that need to be taken into account with the policy options identified?</p>	<p>No comment</p>

Attachment C

4. What research might assist in progressing this work?	<ul style="list-style-type: none"> - Analysis of international practice - Substantial trials with ongoing evaluations of particular policy options (e.g. regional roll-outs of building upgrades run by a combination of national, state and local governments). Governments should allocate at least \$100 million to these trials over the next five years.
5. Would you be interested in attending a workshop in person at some point during June/July/August? If so, what jurisdiction/s would be your preferences?	Yes. Ideally in Melbourne
6. Do you have any other comments or suggestions?	No comment
<p>List any research or data sources that is relevant to informing these questions or the project.</p> <ul style="list-style-type: none"> • Murray-Leach, Robert (forthcoming) <i>The World's First Fuel – How Energy Efficiency is Reshaping Global Energy Systems</i>, Energy Efficiency Council, Melbourne. • Energy Efficiency Council 2016 <i>Energy Efficiency Policy Handbook</i>, Energy Efficiency Council, Melbourne • Garnaut, R. 2008, <i>The Garnaut Climate Change Review</i>, Melbourne University Press, Melbourne. • Fuerst, F. and Warren-Myers, G. 2018 'Does voluntary disclosure create a green lemon problem? Energy-efficiency ratings and house prices', <i>Energy Economics</i> 74 (2018) 1–12 	

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