

Complementary measures to minimum rental energy performance standards

Policy and discussion paper

November 2024

better
renting



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About the EEC

EEC is the peak body for Australia's energy management sector.

We are a membership association for businesses, universities, governments, and NGOs that have come together to ensure Australia harnesses the power of efficiency, electrification and demand management to deliver a prosperous, equitable, net zero Australia with:

- People living and working in healthy, comfortable buildings;
- Businesses thriving in a decarbonised global economy; and
- An energy system delivering affordable, reliable energy to everyone.

EEC works on behalf of its members to drive world-leading government policy, support businesses to rapidly decarbonise, and to ensure we have the skilled professionals to drive Australia's energy transformation.

About Better Renting

Better Renting is a community of renters working together for stable, affordable, and healthy homes. Our vision is for renting to be a genuine alternative to ownership: to achieve this, we work with renters to campaign for changes to rental laws, the housing system, and the place of renting in Australian culture. Addressing the poor energy performance of rental homes is a key area of our work.

Executive Summary

This report assesses the range of possible policy measures that may be pursued by governments as complementary to the introduction of minimum energy performance standards for rental homes. The analysis draws on a series of expert interviews conducted by Energy Efficiency Council alongside independent research.

Regulated minimum energy performance standards are an important response to the poor energy performance of Australia's rental homes. However, there is a lower level of consensus on possible additional or complementary measures that may be introduced alongside this core policy. Complementary policy measures may have a role in supporting the implementation of minimum standards, encouraging energy improvements to rental homes beyond regulated minimum standards, or mitigating stakeholder concerns in relation to implementation.

Our analysis identifies the core stakeholders of **rental providers, renters, property managers, and trades and service providers** and assesses stakeholder experiences and motivations.

We identify the following key **barriers to implementation** of minimum rental standards that may be addressed or mitigated through complementary policy measures:

- Costs of upgrades
- Difficulty of undertaking upgrades
- Information
- Motivation and split incentives
- Compliance
- Stakeholder opposition to minimum standards

Our analysis identifies **enabling measures, incentives, and compliance measures** as key categories for policy objectives.

The below table (see page 7) presents a summary of policy measures considered, including an analysis of policy type, cost to government, difficulty of implementation, effectiveness, and the extent to which measures may enable stakeholder support for minimum standards.

Measures identified range in terms of cost and difficulty of implementation, at times resulting in trade offs across objectives for policy measures.

Measures assessed as highly effective were primarily focused on enabling and facilitating upgrades; these included mandatory ratings disclosure schemes, one-stop shop services for energy retrofits, supported home energy assessments, and real estate industry training and support. The focus on enabling measures reflects an identified need to make the retrofit and compliance process easier.

Direct financial support or incentives to reduce cost impacts on rental providers were assessed as relatively effective in responding to stakeholder concerns and increasing the probability of the successful introduction of minimum standards but incur relatively high costs to government.

Our analysis finds that it may be appropriate for governments to consider or adopt a range of complementary policy measures to support the effective implementation of mandatory minimum energy performance standards for rental homes.

Key recommendations

- 1) Complementary measures are needed to address non-financial barriers to compliance, with a primary focus on the ease and practicality of undertaking retrofits. Available measures include improved information, ratings, assessments, and streamlined access to trades and suppliers.
- 2) Financial support, incentives or rebates may be considered as a complementary measure to minimum rental performance standards in response to financial barriers identified by rental providers.
- 3) Government policy should leverage existing decision points and processes for rental agreements as an opportunity for delivering energy performance upgrades.
- 4) Social license for a minimum energy performance standard for rental homes will be improved if complementary policy measures are developed in collaboration with key stakeholder groups including rental providers, renters, property managers and industry.

Summary of considered measures

Measure	Type	Cost	Difficulty	Effectiveness	Enable support
Mandatory disclosure of energy ratings	Enable	\$	**	***	*
One-stop shop services for energy retrofits	Enable	\$\$	**	***	**
Supported home energy assessments	Enable	\$\$	*	***	**
Real estate industry training and support	Enable	\$	*	***	*
Communications and information campaigns	Enable	\$	*	*	*
Facilitate owner/renter voluntary agreements	Enable	\$	*	*	**
Supply chain measures	Enable	\$\$	**	**	*
Direct rebates and discounted finance	Incentive	\$\$\$	*	**	***
Targeted white certificate rebate schemes	Incentive	\$	**	**	**
Tax concessions for rental providers	Incentive	\$\$\$	**	*	***
Shift responsibility for gas connection fees from renter to rental provider	Incentive	\$	**	**	*
External compliance audits and dispute resolution	Compliance	\$	**	**	*

Introduction: Minimum rental standards and complementary measures

Weatherproof, energy-efficient homes have significant benefits for residents and the wider community. A thermally efficient home with efficient appliances leads to lower energy bills, more comfortable indoor temperatures, improved health outcomes, lower emissions and lower energy network cost through reduced energy use at peak times. Upgrading Australia's existing homes for energy performance is necessary to achieve government commitments for net zero emissions.

Over 30% of Australia's existing homes are rentals and these homes have lower average energy performance than owner-occupied homes. Renters are more likely to live in homes that require high energy costs or experience unhealthy indoor temperatures, with one study finding renters pay around 8% more on energy relative to otherwise identical households.¹

A key policy response to the poor performance of rental homes is the introduction of mandatory minimum energy efficiency standards for rental homes. Jurisdictions including Victoria and the ACT have implemented or are actively developing policies to require features such as insulation, efficient heating and cooling, draught sealing in rental homes alongside the phase out of gas appliances. Commonwealth, state and territory governments have agreed to develop a framework for minimum energy efficiency rental requirements through the Trajectory for Low Energy Buildings.

While most governments agree that regulated minimum energy performance standards are important for improving rental homes' energy performance, there is a lower level of consensus on possible additional or complementary measures that may be introduced alongside this core policy. Complementary policy measures may have a role in supporting the implementation of minimum standards, by encouraging energy improvements to rental homes beyond regulated minimum standards, or mitigating stakeholder concerns in relation to implementation, for example.

¹ Rohan Best and Paul J. Burke, 2022. *Effects of renting on household energy expenditure: Evidence from Australia*. CCEP Working Paper 2202, May 2022. Crawford School of Public Policy, Australian National University.

This report assesses the range of possible policy measures that may be pursued to complement the introduction of minimum energy performance standards for rental homes.

The analysis presented in this report draws on a series of expert interviews conducted by Energy Efficiency Council in September and October 2024. Interview participants included policy experts, program officials, and representatives of stakeholders including rental providers, renters, and property managers. Further desktop research was conducted alongside interviews.

The project has been conducted in partnership between Energy Efficiency Council and Better Renting. Better Renting assisted with identifying experts for interview and contributing to the initial desktop research, as well as through consulting and advising on the research project as it progressed.

The report presents an analysis of:

- Core stakeholders
- Barriers to implementation
- Policy objectives
- Policy measures

Stakeholders

The following groups were identified as core stakeholders to be considered in policy development.

Rental providers

Rental providers (or landlords) are responsible for ensuring that rental homes meet minimum standards and are critical actors for both the introduction and implementation of minimum standards.

Available evidence suggests complex attitudes of rental providers towards minimum rental standards. A 2022 survey of rental providers conducted by SEC Newgate² found that while overall levels of support for minimum rental standards were slightly lower among rental providers than other respondents, rental providers still strongly supported the measures (66% support and 9% opposition, compared to 70% support and 6% opposition for other respondents). 63% of rental providers surveyed agreed that “creating a healthy, safe and comfortable home for my tenants is a priority for me”. Nonetheless, 45% of respondents indicated they “simply can’t afford” to make improvements to the rental home.

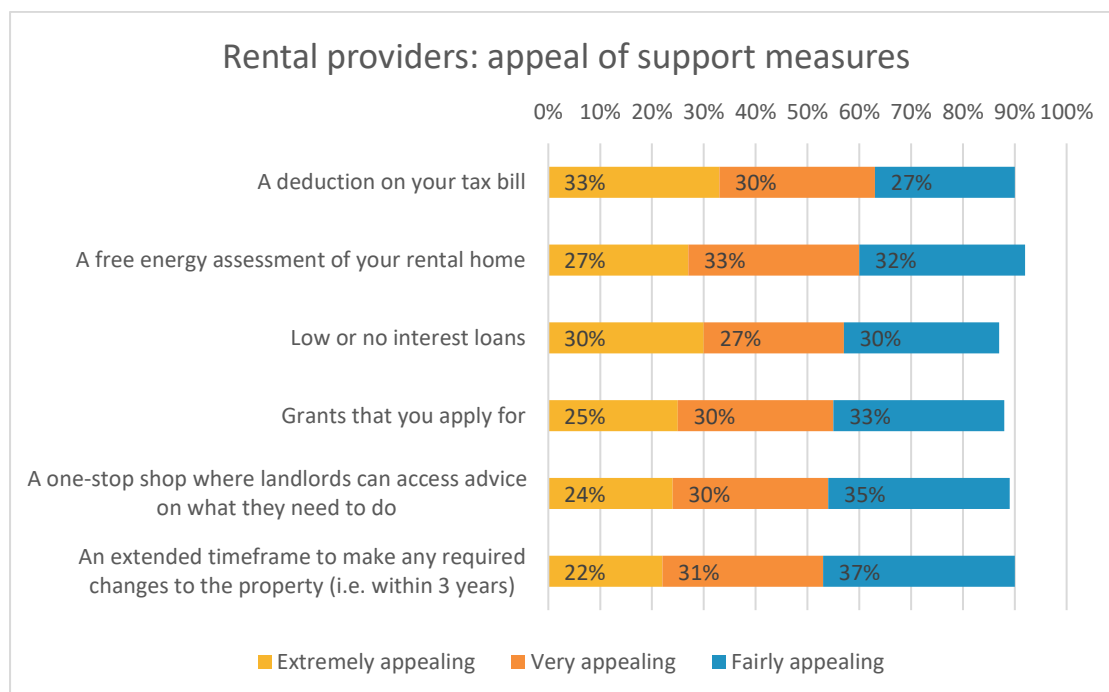
Themes identified in project interviews included that many rental providers are concerned about cost impacts of meeting minimum standards, may be time poor, and in practice are unlikely to proactively prioritise upgrades without clear prompts. Motivations and behaviour are influenced by factors such as attachment to properties, social norms, or the relationship with tenants; professional or large corporate rental providers are likely to respond differently to incentives or policy measures in comparison to individual rental providers.

Interviewees said government perceptions of rental provider opposition to increased standards were a core factor limiting governments’ enactment of new regulations. Understanding and engaging with rental providers is important to successfully deliver policy measures; chances of success are undermined where standards are seen as punitive or introduced without engagement in a tone of “you have to do this because we said so”.

² SEC Newgate 2022, *Energy Efficient Housing Research*.
<https://energyconsumersaustralia.com.au/publications/20208>

Existing evidence suggests that rental providers are motivated not only by financial incentives but also by a range of social factors such as their relationship with tenants, attachment to properties, social norms, attitudes to fairness, and attitudes to environment and climate issues. A 2023 research article³ indicated that small-scale landlords who installed more retrofits in the absence of minimum rental standards were more likely to have greater concern for tenants' comfort, a relationship with the tenant, or greater knowledge of property conditions. Financial variables, environmental concerns, and sociodemographic variables were not associated with landlords' retrofitting, leading to the researchers proposing that policies may be more effective if they are framed in pro-social terms (rather than pro-environmental or financial terms) and convey information about the impact of property conditions on tenants' wellbeing.

The SEC Newgate research referred to above⁴ identified the following options to complement minimum rental standards as the most appealing to rental providers providing survey responses.



³ Michaela Lang, Kun Zhao, Ruth Lane & Rob Raven, 2023. *Pro-social concerns characterise landlords' energy efficiency retrofit behaviour: evidence and implications for energy efficiency policy in Victoria, Australia*, International Journal of Housing Policy

⁴ SEC Newgate 2022, *Energy Efficient Housing Research*. <https://energyconsumersaustralia.com.au/publications/20208>

Renters

Renters have a clear stake in the energy performance and comfort of their homes, however are not responsible for the upfront cost of improvements, retrofits, or replacement of fixed appliances.

Rising rental costs in the context of broader cost-of-living and housing challenges, alongside sometimes precarious short-term tenure, have placed growing numbers of renters under significant pressure and increased vulnerability to unhealthy homes with low-quality energy features.

Stakeholders have identified that compliance with minimum rental standards should not be dependent on renters. Should the onus be on renters to report non-compliance or to advocate for upgrades, renters may be at risk of retaliatory measures or non-renewal of leases. More vulnerable renters may be less likely to be in a position to report non-compliance. Nonetheless, the introduction of minimum standards does strengthen the position of those renters who are able to do so to request required measures.

Property managers

Property managers and real estate agents play an important role in rental agreements and were highlighted by several interview participants as a critical and underutilised strategic actor in upgrading rental homes or implementing minimum rental standards.

Property managers are key influencers for landlord decisions, but are not widely promoting energy efficiency. One interviewee noted that property managers are setting low expectations by reinforcing norms that most landlords don't take action on energy efficiency. Rental providers consider renter needs as a motivating factor for undertaking retrofits, however those that use property managers have been found to have little understanding of the needs of renters in their properties.⁵

Activation and capacity building strategies to ensure the real estate industry engages with rental energy performance may provide opportunities to leverage the position of the sector. Property managers engage with rental homes at key trigger moments for upgrades or assessment. These

⁵ Michaela Lang, Ruth Lane, Kun Zhao, Rob Raven 2022. *Energy efficiency in the private rental sector in Victoria, Australia: When and why do small-scale private landlords retrofit?*, Energy Research & Social Science, Volume 88

include advertising, leasing, condition checks and reporting, responding to renter requests, and engaging with and informing rental providers. This positioning means that property managers can play a role in practical steps (such as integrating compliance checklists for energy features with existing processes) as well as facilitating action through tone setting and providing information.

Consideration of the needs and experiences of property managers should inform policy or program responses to real estate industry engagement with energy efficiency. The workload, resources and margins in the rental management sector create pressure on property managers to minimise additional functions or activities. Interviews indicated that even where property managers may be open in principle to playing a role in implementing energy efficiency initiatives or standards, resource constraints are highly limiting; governments seeking property managers to play an active role in delivering energy performance improvements must take these time limitations into account.

The management of rental homes is anecdotally considered less prestigious than sales in the real estate industry, however rental books rather than sales are the determinant of value for a business in the event of business sale or acquisition. Whereas home sales generate commission income and are often managed by more senior or experienced real estate agents, rental homes are commonly managed by more junior employees who may experience heavy workloads under significant pressure. Project participants suggested some rental property managers may be responsible for approximately 200 homes, and highlighted the often challenging nature of the workload and gendered social dynamics faced by women in the rental management sector.

Trades and service providers

The broader agenda of home energy retrofits including upgrades to rental homes is dependent on product supply chains and installation services. The successful implementation of minimum rental standards may have specific impacts on supply chains requiring policy responses. These may include certification and training in areas related to regulated minimum features, or ensuring workforce availability for functions related to standards such as home assessments. An example of similar considerations was the ACT government's introduction of minimum insulation requirements: inclusion of insulation in regulated standards and the Sustainable Household Scheme was accompanied by a successful program of certification and training for installers.

Barriers to implementation

Several existing or potential barriers to upgrading rental homes were identified by project participants. These were:

- Costs of upgrades
- Difficulty of undertaking upgrades
- Information
- Motivation and incentives
- Compliance
- Stakeholder opposition to minimum standards

Costs of upgrades

Upgrading home energy efficiency or installing new appliances incurs an upfront cost, for which property owners are responsible. The cost is a significant element of existing opposition to the implementation of minimum rental energy efficiency standards.

The cost of compliance with minimum standards varies depending on the regulations and the state of existing homes, which may typically comply with some feature requirements but require upgrades in other areas. As an indicative guideline only, estimates provided by the Victorian government of extra costs to rental providers in addition to business as usual for proposed expanded minimum energy features in a June 2024 consultation are as follows.⁶

Requirement	Cost per property
Ceiling insulation	\$2,480
Draught sealing	\$607
Hot water systems	\$361
Showerheads	\$236

⁶ Regulatory Impact Assessment, Residential Tenancies and Residential Tenancies (Rooming House Standards) Amendment (Minimum Energy Efficiency and Safety Standards) Regulations 2024.
<https://engage.vic.gov.au/new-minimum-standards-for-rental-properties-and-rooming-houses>

Heating and cooling	\$1,790
Blind cord safety anchors	\$45
Total	\$5,519

Stakeholders have identified a perception that rental providers may increase rents as a result of mandatory costs. There is limited evidence or data on the impact of minimum standards on rental prices. In the context of ratings disclosure schemes, interview participants noted that higher ratings have been found to lead to price increases; effects are most notable at upper and lower ends of the rating spectrum when implemented in the absence of regulated minimum standards. One survey of rental providers found 49% suggested that they would pass on costs of upgrades to tenants in the form of increased rents;⁷ however, it is unclear if this effect would occur in the context of mandatory minimum standards as any attempt to pass on costs would be limited by altered market dynamics. An analysis of the ACT’s ceiling insulation minimum requirements found no impact on rents.⁸ Recent analysis also finds that interest rate changes are not passed on to rent costs, which plausibly indicates the same may be true of compliance costs with minimum standards.⁹

Real Estate Institute of Victoria indicated that some rental providers may choose to sell their property rather than meet the upfront costs of meeting rental standards. Experience of the introduction of minimum rental standards in the UK has indicated that this effect did occur in at least some cases.¹⁰ Other stakeholders note that property owners leaving the rental market is unlikely to impact rental availability if the homes are bought by owner-occupiers or other rental providers, as the overall supply of housing is unaffected, and a purchase by owner-occupiers may equate to a rental household leaving the rental market.

⁷ SEC Newgate 2022, *Energy Efficient Housing Research*.

<https://energyconsumersaustralia.com.au/publications/20208>, p49

⁸ ACT Environment, Planning and Sustainable Development Directorate. *Monitoring and evaluation of the Minimum Energy Efficiency Standard for rental properties in the ACT*.

https://www.climatechoices.act.gov.au/_data/assets/pdf_file/0007/2562874/act-min-rental-standards.pdf

⁹ Declan Twohig, Anirudh Yadav and Jonathan Hambur, 2024. *Do Housing Investors Pass-through Changes in Their Interest Costs to Rents?* <https://www.rba.gov.au/publications/bulletin/2024/oct/do-housing-investors-pass-through-changes-in-their-interest-costs-to-rents.html>

¹⁰ Department for Business, Energy & Industrial Strategy 2021. *Evaluation of the Domestic Private Rented Sector Minimum Energy Efficiency Standard regulations*. [Domestic Private Rented Sector Minimum Energy Efficiency Standards: interim synthesis report](#)

Difficulty of undertaking upgrades

Practical difficulties associated with undertaking upgrades were identified as a significant non-financial barrier to action.

Undertaking an upgrade to meet or exceed minimum rental standards can take time, require information, and involve challenges accessing services. Identified issues include:

- A need to research or commission a professional assessment to understand where a home does not comply with standards or where improvements are required
- Lack of integration of assessments and information with leasing process
- Time taken to organise assessments where undertaken
- Time taken to research upgrades
- Time taken to find suppliers, including seeking quotes and commission work
- Difficulty accessing suppliers or trades; particularly relevant in regional locations, areas with high demand, or in circumstances of specialist or unusual retrofit measures
- In some circumstances, additional time or research required to access finance or government rebates

Interviews indicated that while financial costs were a consideration for rental providers, non-financial difficulties and inconvenience were a major concern that is underrepresented in policy design. Expert input suggested that rental providers typically accept that there are costs involved in offering leases on rental homes, and if actions required for upgrades are integrated with the leasing process and made as simple as possible, then rental providers would be more likely to accept the costs of compliance.

Information

Many rental providers or property managers may be simply unaware of requirements of minimum standards, or be unaware whether the homes they rent out comply with standards.

While awareness is growing, energy efficiency and thermal comfort are issues with relatively technical features and moderate community understanding.¹¹ Clear messaging and guidance on the

¹¹ SEC Newgate 2022, *Energy Efficient Housing Research*.
<https://energyconsumersaustralia.com.au/publications/20208>, p20

features of a healthy and energy-efficient home are not always available or accessed at key moments in the rental or homebuying process.

Motivation and incentives

Policy discourses and public discussion of rental energy performance widely attribute the poor performance of rental homes to the ‘split incentive’ problem under which the cost of upgrades is paid by rental providers whereas the benefits accrue to renters in the form of reduced energy bills and improved comfort. As a result of this split incentive, the same financial incentive of reduced bills over time that exists for owner-occupiers to undertake energy efficiency upgrades does not exist for rental providers. Broader understandings of motivations may allow policymakers to consider social norms and appropriate responses to encourage broad uptake of energy efficiency measures. As outlined above (see Stakeholders section), rental provider behaviour on home energy efficiency retrofits is understood to be relational rather than solely based on rational financial calculations. Financial incentives alone have not been demonstrated to impact on decisions, possibly reflecting limitations to the split incentive framework as a sole framework for understanding rental provider decisions.

Rental providers who haven’t undertaken retrofits often may not have considered the possibility, highlighting a need for awareness and prompts.

Compliance

Evaluation of existing regulations suggests that ensuring compliance remains a significant priority for the implementation of minimum rental standards.¹² Evaluation of ACT disclosure and insulation requirements indicates high levels of compliance for newly advertised leases, although limited evidence is available for non-advertised renewing leases.¹³ Stakeholder interviews suggest in general that renter confidence in enforcement is understood to be low, in line with broader challenges of rental housing in Australia.

¹² Consumer Policy Research Centre and Tenants Victoria 2023. *Is it liveable? A mystery shop of private rentals*. <https://cprc.org.au/report/is-it-liveable/>

¹³ ACT Environment, Planning and Sustainable Development Directorate. *Monitoring and evaluation of the Minimum Energy Efficiency Standard for rental properties in the ACT*. https://www.climatechoices.act.gov.au/_data/assets/pdf_file/0007/2562874/act-min-rental-standards.pdf

Compliance and enforcement frameworks vary by jurisdiction. In some cases, compliance is constrained by a dependence on renter reporting, under-resourced tribunal and dispute systems, and the underlying power dynamics of the rental housing market.

Further considerations on compliance models are available in the Community Sector Blueprint on minimum rental standards.¹⁴

Stakeholder opposition to minimum standards

Concern about possible opposition to the introduction of minimum rental standards likely presents a barrier for decision makers and a challenge for successful implementation. While many stakeholder groups have responded positively to proposed minimum standards, others have highlighted concerns. These include impacts on rental providers; potential for costs to be shifted onto renters; the cost of regulation to stakeholders and government; and potential impacts on housing availability. Complementary measures to minimum rental standards may be calibrated to address stakeholder concerns and increase political appetite for the introduction of standards. Alongside addressing specific barriers to implementation, complementary measures may signal to stakeholder groups that governments are approaching the implementation of minimum standards from a position of support and cooperation and mitigate perceptions of adversarial policy design.

¹⁴ *Community Sector Blueprint: National Framework for Minimum Energy Efficiency Rental Requirements.*
<https://www.healthyhomes.org.au/news/community-sector-blueprint>

Policy objectives

Expert interviews undertaken as part of this research broadly supported the principle that minimum standards for rental homes are an important and necessary measure, without which rental homes are unlikely to achieve significantly improved energy performance.

Complementary measures to minimum rental standards should aim to address specific barriers to successful implementation; improve consensus and reduce stakeholder opposition to implementation; or increase opportunities for voluntary action that exceeds baseline compliance with minimum rental standards.

A reasonable strategic objective of complementary measures may be to signal cooperation for stakeholders such as rental providers who view minimum rental standards as an attack on them or their interests. Demonstrated engagement and authentic recognition of concerns expressed by any stakeholder group is an appropriate objective alongside material responses to identified barriers.

Our analysis has identified the following categories of policy objectives to be pursued through complementary measures to minimum rental standards.

Enabling the market

The ‘market’ for upgrading rental properties encompasses the producers and consumers of products and services needed to upgrade rental properties. A range of non-financial barriers can affect the functioning of this market, from poor information to a shortage of skilled workers. “Enabling measures” is used here as a term to describe policy measures that aim to address non-financial barriers to retrofits. Objectives include making the process of upgrades easier; improving access to information and advice; integrating existing processes to streamline implementation; influencing motivations and norms; and ensuring workforce preparedness and the availability of trusted providers.

Changing incentive structures

Incentives refer to measures that reduce costs or provide direct financial benefits from upgrades. Incentive measures considered are primarily targeted at rental providers, as the party responsible for the cost of upgrades. While comprehensive evidence on stakeholder attitudes and outcomes is

limited, pairing minimum rental standards with incentives targeted at rental providers may mitigate stakeholder opposition to the introduction of minimum standards.

While most incentives considered take the form of measures to reduce the cost of upgrades, incentives may also take the form of increasing costs for inaction.

Alongside financial costs and benefits there may be a role for incentives in broader cultural and social norm setting and influencing rental provider motivations.

Strengthening compliance

Complementary measures to minimum rental standards may be required to strengthen compliance or enforcement of regulations. While some measures may be enacted with compliance as a primary objective, it should be noted that compliance may be an objective of other related measures: for example, enabling measures may be designed in such a way as to facilitate greater compliance. Effective compliance and enforcement measures additionally increase the costs of inaction and increase the incentive to undertake actions to meet standards. Likely impacts on compliance should be a consideration in the design of all policy measures.

Measures

Enabling measures

1) Mandatory disclosure of energy ratings

Jurisdiction	States/territories, with Commonwealth coordination
Category	Enable
Cost	\$
Difficulty to implement	**
Effectiveness	***
Enable stakeholder support	*

Description

This measure would require that the energy efficiency rating of homes must be disclosed at the point of sale or lease. This may be paired with support for access to home energy ratings assessments (see Measure 3, [Supported home energy assessments](#)).

Improved ratings and disclosure are under active consideration across the Australian housing market. Strengthened ratings and disclosure frameworks are features of existing policy strategies including the National Energy Performance Strategy and the Trajectory for Low Energy Buildings. The Federal Department of Climate Change, Energy, the Environment and Water has recently conducted public consultation on a national framework for energy ratings disclosure. The Framework sets parameters in order to enable consistency across states and territories implementing disclosure schemes. Voluntary disclosure schemes utilising NatHERS ratings are expected to commence in coming years,

with some jurisdictions suggesting a possible transition to mandatory disclosure schemes, including the New South Wales Consumer Energy Strategy.¹⁵

Incentivising or requiring ratings assessments and disclosure at the point of lease can improve information available to potential tenants and alert rental providers to areas where upgrades are feasible or required.

Pairing disclosure schemes with minimum standards sets a floor for performance, mitigating the risk of ratings disclosure leading to stratification of the rental market (where renters with more resources are able to pay for higher-rating homes while the most vulnerable renters disproportionately must accept the lowest performing homes).

Consideration should be given to ensuring rental homes are included effectively in disclosure schemes alongside minimum standards. The ACT's mandatory disclosure scheme applies to all homes for sale, however homes for lease must only disclose ratings where a rating exists; in practice this exemption has limited the applicability of disclosure to the rental market.¹⁶ The National Home Energy Ratings Disclosure Framework acknowledges that approaches to phased introduction may prioritise homes for sale over lease.

Mandatory disclosure schemes using consistent ratings frameworks may also provide a basis for the expansion of minimum rental standards to a performance-based approach in which homes must meet a given rating prior to lease, rather than solely complying with a list of specific energy features. This model has not been implemented in any Australian jurisdiction, however it provides an opportunity for further improvements in the energy performance of rental homes. Mandatory minimum ratings would allow for simplified compliance pathways, independently verified and with the onus for enforcement shifted away from renters. The model is in line with approaches undertaken in the United Kingdom, where rental properties must attain an "E" certificate rating as a minimum standard, measured on the basis of performance rather than the presence of specific features; this minimum rating must increase to a "C" level by 2030, in an example of signposted

¹⁵ <https://www.energy.nsw.gov.au/nsw-plans-and-progress/government-strategies-and-frameworks/energy-strategy>

¹⁶ Lee, Trevor, and Yuelin Wang. "Mandatory Disclosure of Energy Efficiency for Residences – History and Compliance in the A.C.T. Sales and Rental Markets." In Solar2010, the 48th AuSES Annual Conference, 1–17, 2010.

future improvements to the stringency of standards. Hybrid or transitional compliance models are available to incorporate existing features-based minimum standard.

Evaluation

Mandatory disclosure schemes have been assessed as a highly effective enabling measure, improving access to information and understanding of retrofit needs. Direct costs to government have been assessed as low when implemented as part of a broader disclosure scheme, although higher costs may be incurred for supported or subsidised assessments. The difficulty of ensuring effective inclusion of rental homes and integration with minimum standards is moderate and requires underpinning measures such as consistent and accessible ratings. While disclosure may increase stakeholder awareness of the performance of homes, it has not been assessed as significantly enabling stakeholder support for minimum standards.

2) One-stop shop services for energy retrofits

Jurisdiction	Commonwealth, States/territories, local
Category	Enable
Cost	\$\$
Difficulty to implement	**
Effectiveness	***
Enable stakeholder support	**

Description

The difficulty experienced by rental providers and other home owners in accessing information, finance, and services has been identified as a barrier to the acceleration of home energy upgrades.

A “One Stop Shop” (OSS) for home energy retrofits aims to reduce the complexities faced by consumers by integrating information, assessments, rebates and finance, access to trades or service providers, quality control, and evaluation.

Development of OSSs or other similar consumer support services responds directly to concerns of rental providers that requiring energy upgrades under minimum standards will lead to difficult and time-consuming processes in undertaking required works, alongside direct financial costs. Challenges faced by rental providers and other property owners in undertaking upgrades include general information and understanding of home energy use; home assessments and identifying priority retrofit measures; finding providers and seeking quotes; research on products, providers, and rebates; and accessing finance if required.

Various models of OSS have been developed in Australia and internationally. Approaches include basic facilitation models (providing general information); coordination models (coordinating accredited supplier lists, advice and referrals); all-inclusive models (assuming full responsibility for consumer experience and centralised billing); or energy service models financing retrofits through guaranteed energy savings.¹⁷ Core requirements for successful OSS models are a simple consumer experience; clear referral pathways; information and advice; integration with finance and rebates; and quality control such as certification of suppliers in the scheme.

The ACT Sustainable Homes Scheme provides an example of a OSS model in which households or rental providers can access assessments, information and education, supplier listings, and integrated finance and rebates.

The private sector may be adequately positioned to deliver elements of OSS services for customers, such as bundled services of assessments and multiple upgrade measures. Models led or financed by government allow for certified provider registers; clear and trusted access points for consumers; access to government finance schemes and rebates; and integration with related policy measures such as ratings and disclosure or incentives to exceed minimum standards. Development of consumer support services such as OSSs should be undertaken in engagement with community and consider needs of diverse communities that may face exclusion or specific barriers to participation. Consideration should also be given to the specific needs of rental providers in meeting minimum energy efficiency standards and ways services can be integrated with existing activities such as the leasing process.

Evaluation

¹⁷ Typology and case studies of One Stop Shops is available at <https://energy-cities.eu/publication/how-to-set-up-a-one-stop-shop-for-integrated-home-energy-renovation/>

Our analysis finds one-stop shop services and improved facilitation of retrofits as highly effective in reducing financial and non-financial barriers. Establishing effective services is assessed as moderately difficult, noting that services have typically been more accessible to owner-occupiers and specific design measures may be required to operate alongside mandatory minimum standards. The direct cost to government of developing and managing a OSS service is relatively low; indirect costs may be incurred for additional measures integrated with a OSS model such as direct rebates, if offered. OSSs have been assessed as being effective measures to respond to concerns of rental providers and to signal government support for rental providers in meeting the practical requirements of compliance.

3) Supported home energy assessments

Jurisdiction	Commonwealth, States/territories, local
Category	Enable
Cost	\$\$
Difficulty to implement	*
Effectiveness	***
Enable stakeholder support	**

Description

Home energy assessments may be provided free or at reduced cost for rental homes.

In-person energy assessments can provide an energy efficiency rating for an existing home, identify the presence or absence of energy efficiency features needed to comply with regulated minimum standards, and provide suggested steps for compliance or improving the home’s energy performance. Personal contact with an expert can build confidence and support rental providers or households through the upgrade process.¹⁸ Improving access to assessments has been identified as a measure to reduce information barriers in support of minimum standards.

¹⁸ See results of Victorian Healthy Homes Program. <https://www.sustainability.vic.gov.au/research-data-and-insights/research/research-reports/the-victorian-healthy-homes-program-research-findings>

Assessments should be conducted using accepted ratings tools in alignment with broader government policy objectives. The Nationwide Home Energy Ratings Scheme (NatHERS) is expected to be expanded to include existing homes and offers an opportunity for nationally consistent ratings in alignment with National Construction Code and disclosure frameworks. The Residential Efficiency Scorecard is a NatHERS-endorsed tool designed to facilitate home energy assessments and upgrade advice.

There are opportunities to align assessments with existing lease processes and compliance with minimum rental standards. These might include offering assessments at time of advertising; coordination with property managers; and use of assessment results to comply with possible future ratings disclosure requirements. While currently minimum rental standards are based on energy features rather than holistic ratings, any future shift to ratings-based minimum performance standards for rental homes would be dependent on the successful rollout of ratings and assessments at scale.

Home energy assessments using the Residential Efficiency Scorecard have been included in the Victorian Energy Upgrades (VEU) program, reducing upfront costs to consumers by around half for a large home (\$217 savings based on October 2024 VEEC prices). An uptake since introduction in 2023 of 800 assessments (as at October 2024) suggests a base for expansion while also reflecting that assessments are not currently linked to any disclosure or mandatory minimum standard scheme.

The 2009 Green Loans program offered subsidised energy assessments to households. Key learnings from this program were that assessments should use standardised accredited ratings systems such as NatHERS; assessors should be trained and certified; appropriate workforce planning including secure assessment pipelines should be in place; and clear advice from assessments and referrals to suppliers and finance for upgrades should be provided in a timely manner.

Evaluation

This measure has been assessed as highly effective in providing clear guidance and assistance to rental providers. Effectiveness can be maximised when integrated with other policy priorities, including the introduction of NatHERS existing home ratings, ratings disclosure schemes, and one-stop shop delivery models that can additionally provide access to service referrals and finance.

The existing development of complementary policies was assessed to make supported assessments a low-difficulty measure for introduction. Cost to governments of supporting assessments is expected

to be moderate, and may be integrated with energy efficiency schemes or finance mechanisms enabled by ratings disclosure schemes.

4) Real estate industry training and support

Jurisdiction	States/territories
Category	Enable
Cost	\$
Difficulty to implement	*
Effectiveness	***
Enable stakeholder support	*

Description

Property managers have been identified as a key stakeholder in enabling minimum rental energy efficiency standards, with strong influence on rental provider decisions.

Options for policy initiatives include the development of a pilot program in partnership with selected real estate organisations; government supported development of training, assessment, tracking, property management technology and information resources; or financial incentives to property managers to successfully engage with standards and other energy efficiency measures.

Existing mechanisms such as maintenance reports or condition reports at time of lease can be leveraged to incorporate energy efficiency and other rental standards. Government engagement through the regulatory process or enabling support may be required to align these processes with standards, for example with checklists of energy features, property manager training, or alignment with ratings tools such as NatHERS.

Industry self-regulation may also provide opportunities to increase sector engagement with energy standards, likely in the form of a quality standard for properties within rent rolls.

Interviews suggested that clear benefits or incentives should be offered to real estate agents. Even if measures are mandatory, property managers will struggle to comply effectively unless there is

support in place. Measures should be developed with strong communication, consultation and engagement to maximise sector buy-in.

Evaluation

Our analysis finds that property managers are a critical actor in the implementation of retrofits and minimum standards offering significant opportunities for engagement. We assess that relatively low-cost and simple measures such as industry training and resources may be effective enablers of minimum standards. The direct impact of these measures on increased stakeholder support for the introduction of minimum standards was assessed as more limited.

5) Communications and information campaigns

Jurisdiction	Commonwealth, States/territories, local
Category	Enable
Cost	\$
Difficulty to implement	*
Effectiveness	*
Enable stakeholder support	*

Description

Public facing communications and information campaigns may address the practical elements of minimum rental standards and broader themes of motivation and social norms.

Basic information on energy issues and the provisions of minimum rental standards should be clearly communicated. However, we note the stakeholder feedback that energy information is most effective when integrated with access to services, such as in a One Stop Shop model.

Communications strategies should be developed in close engagement with the needs of key stakeholder groups in order to be effective. For example, interviews conducted as part of this project highlighted feelings of alienation or exclusion from renters, rental providers and property managers;

property manager representatives indicated that the sector often feels under attack and not communicated with in a constructive way, limiting engagement with issues such as rental standards.

Communications strategies and assets should be developed to align with other objectives and measures. A key strategic objective may be to signal engagement with and consideration for all stakeholder groups in alignment with measures to address specific identified barriers

Examples of simple information for rental providers on requirements of minimum standards include the NZ Healthy Homes “Healthy homes toolkit for landlords”.¹⁹

Evaluation

Communications strategies have been considered in our analysis as a necessary but not sufficient measure. We assess this measure as low cost and having potential to amplify impacts of complementary measures, however not directly effective in isolation.

6) Facilitate owner/renter voluntary agreements

Jurisdiction	States/territories
Category	Enable
Cost	\$
Difficulty to implement	*
Effectiveness	*
Enable stakeholder support	**

Description

Renter/owner voluntary agreements are a model to share costs and benefits for energy improvements. An agreement may include a commitment for some or all of the upfront costs of

¹⁹ Tenancy Services NZ, *Healthy homes standards toolkit for landlords*. <https://www.tenancy.govt.nz/forms-and-resources/healthy-homes-standards-toolkit-for-landlords/>, accessed 20/10/2024.

upgrades to be added to rental payments over time, in exchange for certainty of lower energy bills or other benefits.

Agreements of this nature are voluntary only, and typically for actions extending beyond meeting minimum standards. Requiring mandatory renter contributions under minimum rental standards would unfairly result in renters paying the cost of upfront improvements with benefits that accrue to property owners. Voluntary agreements are most likely to be beneficial to both parties where renters expect a longer-term tenancy; short-term leases of 12 months or less increase the risk of unfair outcomes and present a barrier to wider adoption of voluntary agreements.

The role of government in expanding voluntary agreements is primarily one of facilitation, through providing information, clear guides, and template agreements. Agreements could be further integrated with other incentives such as eligibility for increased rebates or discounted finance, and integrated with One Stop Shop or other delivery models.

An example of government-facilitated voluntary agreements is the Solar Victoria Solar for Renters program. Solar Victoria published a guide, template proposal letter for renters, and template legal agreement; this information was integrated with broader information on accessing rebates and other support.²⁰

Evaluation

This measure was assessed as being low cost and low difficulty for governments. Effectiveness is expected to be limited by take-up rates and stakeholder interest, though can be effective in facilitating voluntary agreements where this interest exists. The measure may have value in signalling a cooperative approach to rental providers.

²⁰ Solar Victoria, *Information for renters*. <https://www.solar.vic.gov.au/information-renters> (accessed 20 October 2024)

7) Supply chain measures

Jurisdiction	Commonwealth, States/territories
Category	Enable
Cost	\$\$
Difficulty to implement	**
Effectiveness	**
Enable stakeholder support	*

Description

A range of measures are appropriate to ensure workforce availability to deliver home energy retrofits associated with minimum rental standards. It should be noted that most supply chain and industry measures that enable minimum rental standards are consistent with an approach to industry in a broader agenda for residential retrofits.

Ensuring community confidence in a certified and skilled workforce is critical in delivering retrofits at scale, as required for the successful implementation of minimum standards.

Key focus areas include:

- Training
- Certification of skills and providers
- Certification and ratings of emerging efficient technology
- Supply chains for materials and appliances
- Workforce certainty through developing pipelines of work in emerging areas, such as assessments

Industry and supply chain measures can be integrated with consumer outcomes, such as under a One Stop Shop model that incorporates quality control or a certified suppliers register.

Evaluation

Supply chain measures are a necessary but not sufficient requirement for the delivery of rental retrofits at scale. While the impact on improved stakeholder support for minimum standards was not assessed as high, insufficient industry readiness and training may increase costs, time, or undermine community confidence, and reduce the overall effectiveness of standards. Cost and difficulty were assessed as moderate, however the marginal cost of integrating supply chain measures with minimum rental standards is expected to be low given that the measures form part of a broader government strategy on decarbonisation and residential retrofits.

Incentives

8) Direct rebates and discounted finance

Jurisdiction	States/territories, Commonwealth
Category	Incentive
Cost	\$\$\$
Difficulty to implement	*
Effectiveness	**
Enable stakeholder support	***

Description

Direct rebates, grants, low-interest loans or zero-interest loans for property owners are an available option to reduce upfront costs associated with home upgrades.

Rebates or discounted loans may be made available for:

- Specific appliances or features, such as heating, cooling, solar, hot water, insulation
- Services, such as installation, decommissioning old appliances, gas disconnections, or switchboard upgrades

The option of direct rebates for rental providers may allow for specific targeting beyond that available in broader rebate programs, for example through eligibility requirements on property owners, tenants, tenure types, or activities. In order to incentivise higher-value upgrades, eligibility may also be restricted to early movers (by setting a final date for accessing rebates) or to property owners who upgrade beyond the basic requirements of minimum standards. Delivering a program in consultation with property owners may provide an opportunity to engage with specific concerns about the implementation of minimum rental standards.

Rebates or discounted finance for upgrades to rental properties have been ineffective and subject to low take-up when introduced on a voluntary basis without mandatory minimum standards; pairing financial incentives with mandatory requirements may be likely to increase effectiveness.

Stakeholders identified concerns about the fairness of providing funding to property owners for upgrades to rental homes. While rebates or finance may mitigate property owner concerns about the introduction of minimum standards and facilitate upgrades, benefits accrue to private investors. In response to these concerns consideration may be given to linking rebates or finance to certain requirements on rental providers, such as higher value upgrades or limits on rent increases.

Examples of the approach of rebates include the Solar Victoria *Home Heating and Cooling Upgrades* program. This program was introduced during the implementation phase of Victoria's mandatory requirement for fixed heaters meeting basic energy efficiency standards in rental homes. The program offered a \$1,000 rebate for energy efficient split system reverse cycle air conditioners and further rebates of up to \$700 for the costs of upgrading switchboards or decommissioning gas appliances. The program was open to owner-occupiers and to landlords where households met eligibility conditions by falling under moderate income and property value thresholds. The program was discontinued in 2023. The proportion of rebates provided for rental properties is unknown to the authors of this report.

The ACT Sustainable Household Scheme makes available zero-interest loans of up to \$15,000 for upgrades, including to rental providers. The experience of the program has been that as the \$15,000 cap applies to each recipient rather than each home, rental providers choose to borrow for upgrades to their own residence and uptake of loans to upgrade rental properties has been low.

Discounted finance may be facilitated through private financial institutions, as has been the case with funding from the Commonwealth Home Energy Upgrades Fund (HEUF). Under this model, borrowers typically are eligible to receive discounted finance based on a differential interest rate if borrowing

for eligible products or meeting defined criteria. Other models include Environmental Upgrade Agreements with finance facilitated through council rates.²¹

Evaluation

Rebates and discounted finance are a direct measure to respond to concerns of rental providers of upfront costs, and are considered in our analysis as being highly effective in mitigating rental provider opposition and enabling support for the introduction of minimum standards. The cost to government associated with this measure is high and evidence on the effectiveness in increasing retrofits in the context of mandatory minimum rental standards is limited.

9) Targeted white certificate rebate schemes

Jurisdiction	States/territories
Category	Incentive
Cost	\$
Difficulty to implement	**
Effectiveness	**
Enable stakeholder support	**

Description

White certificate energy schemes (such as Victorian Energy Upgrades, NSW Energy Savings Scheme, or South Australian Retailer Energy Productivity Scheme) provide a model to reduce the upfront costs of energy saving measures. Subject to regulation, these schemes may include activities that deliver the features or services required under possible minimum rental standards, such as

²¹ A range of finance mechanisms were considered in: Australian Council of Social Service 2024, *Funding and Financing Energy Performance and Climate-Resilient Retrofits for Low-Income Housing*. <https://www.acoss.org.au/wp-content/uploads/2024/02/ACOSS-Report-Funding-and-Financing-Low-income-retrofits-January-2024-.pdf>

insulation, draught sealing, thermal efficiency measures, efficient appliances, electrification, or home energy assessments.

Costs incurred for rebates under a white certificate scheme are not directly paid by government and do not have a sizeable direct budget impact. Instead, the government sets energy savings or emissions reduction targets that energy retailers must meet by purchasing certificates generated from the implementation of energy-saving or emissions-reduction measures in households and businesses.. In practice, costs of running the scheme are passed on to all energy consumers via their energy bills – whether they benefited from energy upgrades or not.

Eligibility for creating certificates under schemes can be weighted towards upgrades targeted at specific groups - such as low-income households (as is the case in South Australia). In theory this could also be applied to renters. Under this model, a sub-target would be set for certain activities undertaken in the homes of renters, forcing retailers to meet at least some of their targets in these households. Activities in rental households could be further incentivised by designing certificate creation methodologies that include ‘multipliers’ for activities conducted in target group households. For example, a methodology could be designed that includes a ‘rental priority group factor’ resulting in more certificates generated for installing a reverse cycle air conditioner in a rental versus a non-rental property.

An important note about the fairness of including rental retrofit measures in these schemes is that renters in states with white certificates schemes already pay for the scheme through their bills but disproportionately do not enjoy the benefit of subsidised energy efficiency measures in the absence of voluntary landlord action. While weighting schemes towards rental homes would result in effective subsidies for rental providers upgrading investment properties, it would also expand renter access to energy efficiency measures and reduce the risk of schemes being regressive for renters.

While white certificate schemes are effective in reducing upfront costs, savings may be less visible to stakeholders than those provided by direct rebates. In order to meet the objective of demonstrated savings in response to stakeholder opposition to minimum standards, clear communications of the effectiveness of targeted schemes should be embedded in implementation strategies.

Evaluation

Targeted white certificate schemes were assessed as an effective measure to reduce upfront costs as a barrier to retrofits, while reducing direct costs to governments. Ensuring schemes effectively deliver outcomes was considered as moderately difficult and may vary by jurisdiction and the

presence of existing schemes. Cost reductions through energy efficiency schemes may be less visible to the community than those provided by direct rebates, which in our analysis reduced the direct impact on enabling support from rental providers for minimum standards when compared to direct rebates.

10) Tax concessions for rental providers

Jurisdiction	Commonwealth, States/territories, local
Category	Incentive
Cost	\$\$\$
Difficulty to implement	**
Effectiveness	*
Enable stakeholder support	***

Description

This measure would provide tax concessions to rental providers meeting or exceeding defined conditions on the energy efficiency of rental property.

Implementation may offer concessions simply for meeting minimum standards, or for more stringent requirements such as providing a rental home meeting higher standards across a range of features or ratings. Implementation may also be conditional upon undertaking upgrades before a given date in order to incentivise early action ahead of signposted minimum standards.

An identified risk of tax incentive measures is to reduce appropriate taxation from investment assets, leading to unfair distributional outcomes or unintended consequences for the housing market. While the measure may mitigate concerns of existing rental providers requiring upgrades, subject to the model under consideration there is an identified risk of significant public opposition from other stakeholders. Consideration may be given to tying any tax incentives to additional requirements on rental providers, such as high value upgrades or limits on rent increases.

For selected mechanisms or jurisdictions, consideration may be given to revenue-neutral models for tax incentives, for example through the application of differential rates including increased costs for non-compliant homes alongside reduced costs for compliant homes. Models for tax concessions differ according to jurisdictions and are available to different levels of government.

Commonwealth: options include a redefinition of energy efficiency upgrades meeting minimum standards from capital expenses to maintenance, allowing for expenses to be claimed in the current year rather than claimed at 2.5% over 40 years as a capital expense; this distinction may currently favour the like-for-like replacement of appliances at end of life over more energy-efficient options. Other identified options include limiting eligibility for existing concessions or deductions such as negative gearing or capital gains tax discounts to homes meeting criteria, or increasing incentives in these areas for homes meeting standards.

State/territory: stakeholders have identified discounts on land tax and associated levies paid by property owners in certain states and territories as an incentive.

Local: discounts on council rates for eligible homes. This model can be administered through Environmental Upgrade Agreements (EUA), in which the cost of upgrades are paid over time through council rates; further incentives may include integrating discounted rates or rebates within an EUA. Opportunities may exist for cross-jurisdictional agreements allowing for Commonwealth funding for incentive measures implemented at the state or local level.

Evaluation

Tax concessions have been assessed as a direct response to rental provider preferences and effective as a measure to enable greater support for minimum standards among this stakeholder group. There is limited evidence available on the effectiveness of tax incentives in the context of mandatory minimum standards; cost to governments has been considered in our analysis as high, although amounts vary according to the incentive and model.

11) Shift responsibility for gas connection fees from renter to property owner

Jurisdiction	States/territories
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Category	Incentive
Cost	\$
Difficulty to implement	**
Effectiveness	**
Enable stakeholder support	*

Description

This measure would shift responsibility for fixed supply charges for residential gas connections from renters to property owners.

Residential gas billing in metered private rental homes includes usage charges for the volume of gas consumed, and ongoing supply fees charged at a daily rate (at current rates approximately \$300 per year on common plans, depending on distributor and location). While renters are incentivised to reduce gas consumption to reduce usage charges, without the ability to replace gas appliances with electric appliances there is no opportunity to fully electrify and avoid ongoing gas supply charges. Meanwhile, rental providers lack the financial incentive of lower energy bills to electrify homes they rent out.

Shifting the onus of daily supply charges from renters onto property owners would provide an additional incentive, in particular where minimum standards do not require electric appliances (either immediately or at the time of appliance replacements). This change would bring gas into line with water, where renters are responsible for usage charges while property owners are responsible for supply and connection charges.

Implementing the change would require amendments to state or territory rental tenancies legislation or regulations in most jurisdictions, and may furthermore require coordination in relation to national energy market rules and administrative impacts on retailers and property owners. Alternative approaches may include maintaining existing billing arrangements but requiring daily connection fees to be applied as a rental credit.

Evaluation

This measure was assessed as incurring low direct costs to governments, although some additional administrative costs may result for energy retailers. The measure was considered effective in mitigating the existing split incentive problem for household electrification. The primary incentive to rental providers is to increase the financial cost of inaction, which was assessed as unlikely to facilitate increased support from this stakeholder group.

Compliance

12) External compliance audits and dispute resolution

Jurisdiction	States/territories
Category	Compliance
Cost	\$
Difficulty to implement	**
Effectiveness	**
Enable stakeholder support	*

Description

This measure refers to an investment in resources for enforcement of minimum standards in existing rental homes, including compliance checks.

A principle for the effective implementation of minimum rental standards is that the responsibility for ensuring compliance should not fall primarily on renters. While some renters may be in a position to raise requests for necessary upgrades, in practice many renters fear negative outcomes if raising issues and are unlikely to lodge requests. A response to this issue may be external institutions with enforcement powers that can be triggered without a need for tenant complaints.

The Victorian government has created a Renting Taskforce to monitor rental campaigns, conduct targeted inspections and take enforcement action including warnings, fines, disciplinary proceedings and court actions.²²

Specialist conciliation or simplified dispute resolution services can reduce the time and cost faced by all parties where a dispute occurs. Rental Dispute Resolution Victoria has been announced in October 2024, with the objective of providing one-stop shop for renters, agents and landlords to resolve tenancy disputes over rent, damages, repairs and bonds, and to reduce dependence on VCAT as the sole tribunal to enforce rental laws.

Evaluation

The cost of establishing specialist reconciliation or dispute resolution services and mechanisms for external compliance checks has been assessed as low. Ensuring that the mechanisms function effectively is challenging in light of underlying dynamics of rental agreements. Improved compliance is expected to be valued by renters however the measure has not been considered to enable support from other stakeholders including rental providers; buy-in from these stakeholders may be improved if mechanisms are seen to be low-cost and non-adversarial.

²² See media release (26/10/24): <https://www.premier.vic.gov.au/more-homes-all-and-fairer-go-renters>

Discussion

A range of policy measures have been identified as available to governments to facilitate the introduction of minimum rental standards, which remain a critical and necessary policy basis for improving the energy performance and health of rental homes.

Key themes explored have been the impact of measures on reducing barriers, including reducing costs, facilitating upgrades by making them easier, and mitigating potential stakeholder concerns or opposition to minimum energy performance standards.

Measures identified range in terms of cost and difficulty of implementation. Direct financial support or incentives to reduce cost impacts on rental providers was assessed as relatively effective in responding to stakeholder concerns and increasing the probability of the successful introduction of minimum standards, but such steps incur relatively high costs to government.

Measures assessed as highly effective were primarily focused on enabling and facilitating upgrades; these included mandatory ratings disclosure schemes, one-stop shop services for energy retrofits, supported home energy assessments, and real estate industry training and support. The focus on enabling measures reflects an identified need to make the retrofit and compliance process easier.

Fairness and the building of **social licence** should be considered actively when assessing complementary policy measures.

Evaluation and monitoring has not been assessed as a specific policy measure but should be embedded in the implementation of minimum standards and any complementary policy measure. Policy makers should enact strategies to gather data and evaluate the impacts of policy measures on the performance of rental homes.

Long term signalling of policy priorities and expectations can assist the introduction and expansion of minimum rental standards and home energy retrofits more broadly. All stakeholders should have a clear understanding of expected policy changes in line with government targets including the expansion of consumer energy resources and the decarbonisation of the built environment in line with net zero commitments. Signposted phase-outs or strengthening of features sets expectations and can influence purchasing decisions at lowest cost.

Specific, resourced strategies grounded in community engagement should be developed to ensure policy measures meet the needs of **culturally and linguistically diverse communities** and other community groups facing barriers to participation.

Mandatory minimum energy performance standards and complementary measures should be integrated with the broader government policy agenda for the built environment and residential sector.

Key recommendations

- 1) Complementary measures are needed to address non-financial barriers to compliance, with a primary focus on the ease and practicality of undertaking retrofits. Available measures include improved information, ratings, assessments, and streamlined access to trades and suppliers.
- 2) Financial support, incentives or rebates may be considered as a complementary measure to minimum rental performance standards in response to financial barriers identified by rental providers.
- 3) Government policy should leverage existing decision points and processes for rental agreements as an opportunity for delivering energy performance upgrades.
- 4) Social license for a minimum energy performance standard for rental homes will be improved if complementary policy measures are developed in collaboration with key stakeholder groups including rental providers, renters, property managers and industry.



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