

May 2021

Residential energy efficiency disclosure scheme

Background

Residential energy efficiency disclosure builds on existing COAG recommendations to establish a national framework for energy efficiency disclosure at point of sale to include at point of lease. The ACT implemented a requirement for energy efficiency disclosure at point of sale under the Civil Law (Sale of Residential Property) Act 2003. This legislation requires that all homes sold in the ACT carry an energy rating.¹

The rating and disclosure of a property's energy performance is intended to incentivize governments and owners to improve the energy efficiency of existing housing stock. Results from the 2018 National Social Housing Survey asked social housing tenants (public, community and state-owned Indigenous housing) what amenities were most important to them. The three most important amenities for tenants of social housing were safety and security, privacy and energy efficiency and thermal comfort.² However, for public housing tenants when asked if their prioritized amenities were met, only 55 percent stated that their need for thermal comfort was met.³ This was the lowest score across Australia, indicating that public housing tenants in particular are living in sub-standard housing that affects the health and comfort of residents.

A study conducted by Myers et al (2019)⁴ in the US, suggests that homeowners are largely ignorant of their homes energy efficiency and that this is a market failure that mandatory disclosure can improve. In addition, the study found that mandatory disclosure can assist over the longer term in improving the overall quality of housing and encouraging participation in energy efficiency incentive programs.

¹ ACT Government (2019) Energy Efficiency Standards, Ratings and Disclosure.
<https://www.environment.act.gov.au/energy/smarter-use-of-energy/energy-efficiency-standards,-ratings-and-disclosure>

² Australian Institute of Health and Welfare (2018) National Social Housing Survey.
<https://www.aihw.gov.au/reports/housing-assistance/national-social-housing-survey-2018-key-results/contents/table-of-contents>

³ Ibid.

⁴ Myers, E., Puller, S., West, J. (2019) Effects of Mandatory Energy Disclosure in Housing Markets. NBER Working Paper No. 26436
https://www.nber.org/system/files/working_papers/w26436/w26436.pdf#page=1&zoom=auto,-18,801

Policy Response

Adopting a mandatory energy efficiency disclosure scheme would require thermal assessments using a house energy rating tool to be undertaken at the point of sale or rental. Options can range from a full thermal assessment of a property with an accredited building energy efficiency assessor, to more simplified assessments. However, it is recommended that assessments are undertaken by government approved assessors.

The Victorian Government introduced the Victorian Residential Efficiency Scorecard, which provides an efficiency rating for residential homes. Properties are assessed by government approved assessors and several not for profit organizations are also accredited to provide Scorecard assessments. The price of assessments ranges from \$250 to \$500. When an assessment is done, an energy star rating is provided for the property.⁵ A National Scorecard field trial is being conducted in early 2021 with assessments available across Australia. Additionally, work is currently underway to extend the National House Energy Rating Scheme (NatHERS) to existing homes.⁶

SACOSS proposes that a mandatory residential energy efficiency disclosure scheme for public and private rental properties is implemented by the Department of Human Services, the Department for Energy and Mining and through the Attorney General's office who has responsibility for the Residential Tenancies Act 1995.

SACOSS Proposal

1. That the government introduces a mandatory residential energy efficiency disclosure scheme for public and private rental properties in SA, enacted at point of sale or rent.

⁵ State Government of Victoria (2021) What is a Scorecard assessment?

<https://www.victorianenergysaver.vic.gov.au/save-energy-and-money/get-a-home-energy-assessment/getting-an-assessment>

⁶ State Government of Victoria (2021) National Scorecard field trial.

<https://www.victorianenergysaver.vic.gov.au/save-energy-and-money/get-a-home-energy-assessment/news-and-publications/national-scorecard-roll-out>