Investing in cheaper, cleaner energy and the net zero transformation inquiry

Questionnaire response 9

Name: Real Estate Institute of Australia

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1. Reduce the cost of meeting carbon targets

1. What could be done to improve the cost-effectiveness and alignment of policies to reduce emissions across the industrial, electricity and transport sectors?

   The participant did not respond to this question.

2. Are there gaps in the emissions-reduction policies in the industrial, electricity and transport sectors which should be addressed?

   The participant did not respond to this question.

3. Are there any duplicative emissions-reduction policies in the industrial, electricity and transport sectors which could be streamlined?

   The participant did not respond to this question.

2. Speed up approvals for new energy infrastructure

1. Are planning and approvals processes for large energy infrastructure taking too long? If so, what causes the most delay?

   The participant did not respond to this question.

2. How can planning and approvals processes be sped up without unduly compromising regulatory standards?

   The participant did not respond to this question.

3. Should clean energy projects be treated differently to other projects for the purpose of environmental and other approvals? If so, how?

   The participant did not respond to this question.

4. What can be done to build local community support for new energy infrastructure projects?

   The participant did not respond to this question.

5. Please outline any evidence showing the productivity benefits of faster approvals for energy projects.

   The participant did not respond to this question.

3. Encourage adaptation by addressing barriers to private investment

1. What are the barriers and enablers impacting decisions by owner-occupiers, landlords and developers about how housing is built and updated over time so that it is resilient to the effects of climate change?

   The residential sector accounts for 24% of Australia's electricity consumption and approximately 11% of greenhouse gas emissions. Residential buildings play a critical

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role in the energy transition by supporting a lower-cost, faster transition to low energy demand, reducing energy costs to households and reducing the overall economic, health and social effects of severe weather events.

Despite the clear benefits, several common barriers hinder homeowners, renters, and landlords from undertaking energy performance upgrades that significantly contribute to emission reductions. These include:

Cost:
The high upfront costs of energy efficiency upgrades remain a significant barrier for many homeowners and rental property investors. Low-income and disadvantaged households, in particular, are disproportionately affected, spending a larger share of their income on electricity and gas bills while having limited means to invest in energy-saving measures.

Research indicates that even basic energy-saving upgrades can reduce household energy bills by 18–31%, with comprehensive retrofits saving up to $1,600 annually. To encourage such upgrades and overcome financial barriers that may prevent homeowners from implementing these upgrades, the government should introduce targeted financial incentives, such as cash flow incentives and instant tax write-offs. These measures can alleviate upfront costs, making it more affordable for households to invest in energy-efficient technologies like insulation, solar panels, and energy-efficient appliances.

Awareness:
Further to this, a significant gap exists in consumer awareness regarding energy use, costs, and the most effective energy performance measures for their individual circumstances as this can be technical, time-consuming and difficult to find for the average consumer.

There is a growing body of evidence that the more sustainable a home, the higher the price premium and the Department of Climate Change, Energy, the Environment and Water (DCCEEW) have identified considerable net economic benefit for implementing mandatory disclosure at the point of sale and lease for single dwellings and apartments combined. This highlights the critical need for improved public understanding.

To bridge this gap, a national tenant awareness program should be developed to provide educational resources and tools to empower tenants to adopt energy-saving practices. To supplement this, implementers of the disclosure scheme (Real estate sales agents and property managers, conveyancers, strata managers and building managers) have the responsibility to follow the quality assurance measures of the relevant assessment process and play a key role in the dissemination of information and advice to building owners and occupants.

By fostering collaboration between homeowners and tenants, this program can further accelerate the adoption of energy-efficient measures in rental properties, a significant portion of Australia’s housing stock.

By combining financial support with widespread education for homeowners, tenants and real estate agents as crucial stakeholders in the home energy transition, these measures

can drive the adoption of energy-efficient solutions across Australia, delivering both immediate and long-term benefits to households and the environment

2. What information do people need to make decisions about where to live, how to build and how to upgrade their homes to appropriately factor in climate change?

Owner-occupier households will require the following information to make decisions on where they decide to live, how to build and how to upgrade their home to appropriately factor in climate change:

- Benefits and costs of home energy efficiency upgrades and retrofits
- Which energy efficiency (EE) upgrades are required for their specific circumstances
- Low-cost and highest value financing options
- Federal and local government incentives that are available
- The process of engaging qualified building professionals to implement EE features in homes
- Compliance certification processes and other legal requirements, varied by jurisdiction

3. What are the most cost-effective retrofitting options for improving the resilience of Australia's existing housing stock? What are their costs and benefits?

Around 70 per cent of Australia's 11 million existing homes are estimated to have an energy rating of 3 stars or lower. Improving a home's energy efficiency from 3 to 5 stars could reduce the energy needed for heating and cooling by around 40 per cent, effectively reducing energy bills for consumers. Compared to renter households, owner-occupied households have significantly higher rates of insulation, window treatments, solar electricity and hot water systems.

Most homes that will be standing across Australia in 2050 have already been built and already exist today, therefore, energy performance upgrades will result in a lower cost energy transition, increase the resilience of homes and directly benefit the household budgets and health.

Therefore, as trusted advisors to buyers, sellers, landlords, and renters, real estate agents have the power to shift market expectations, improve transparency, and encourage retrofits. To strengthen this role, they need training and resources that equip them to advise clients on energy performance, retrofit options, and disclosure requirements. By doing so, they can confidently guide consumers toward more sustainable housing choices while highlighting both the financial and health benefits of energy-efficient properties.

4. What role might minimum standards play in ensuring the resilience of Australia's housing stock?

Enhancing energy efficiency in Australian homes is essential for reducing household energy bills, decreasing greenhouse gas emissions, supporting health and wellbeing and contributing to our national sustainability goals.

The disclosure of energy performance ratings is most effective during key trigger events, such as at the point of sale or renting, moving homes or making renovations. Many consumers lack awareness and have inadequate information about energy use, energy costs and the most suitable energy performance measures for individual circumstances. Upgrades are also cost-effective where the energy performance of a property is advertised at the point of sale or lease.

Therefore, real estate agents are best positioned to empower consumers in making the right choices and providing appropriate resources to support them in making informed home energy performance upgrade decisions.

Energy performance information provided to consumers at point of sale and lease helps them consider energy efficiency in their purchasing decisions, alongside other factors such as cost, size and location.

5. The impacts of climate change are being factored into the regulation of where and how houses are built in different ways around Australia. What does leading practice look like? Where is there room for improvement? Are there lessons we can learn from other countries?

The participant did not respond to this question.