

# SUBMISSION COVERSHEET

**Submissions may address any key issues related to the Review and/or in specific response to the topics raised in various issues/discussion papers.**

Please complete and submit this form with your submission. Where possible, the Garnaut Review requests submissions are submitted electronically. Contact us:

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| <p><b>Via email</b><br/>Write 'Submission' in subject field of the email and send to:<br/><br/><a href="mailto:contactus@garnautreview.org.au">contactus@garnautreview.org.au</a></p> | <p><b>Via post</b><br/>Address your submission to:<br/>Submissions<br/>Garnaut Climate Change Review<br/>Level 2, 1 Treasury Place<br/>Melbourne VIC 3002</p> |
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Submission title: Garnaut Review – Issues Paper – Forum 5, Transport Planning and the Built Environment

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No. of pages: 6 (incl cover sheet)

Date: 11 April 2008

Please indicate if your submission:

contains NO confidential material

contains confidential material and the whole submission is provided 'IN CONFIDENCE'

Please indicate which of the following your submission covers:

Issues Paper 3 – Climate Change: What is the science telling us?

Issues Paper 4 – Research and Development: Low Emissions Energy Trading

Issues Paper 5 - Transport and Urban Planning

Issues Paper 6 - Emissions Trading Scheme Discussion Paper

AND/OR

General (Includes information on the following areas)

Role of Government/Business

Climate Change Science

Economic modelling

Transport and urban planning

Adaptation

International issues

Climate change mitigation

Research and development

Emissions trading

Other, please state:

**Please acknowledge the submission guidelines:**

- The Garnaut Climate Change Review may publish the submissions it receives on the Garnaut Review website. Submissions will be treated as public documents and communicated to the public unless marked as confidential in this coversheet.
- We will not accept any submissions that contain defamatory statements, that is, any statements which have the effect of causing damage to a person's reputation. If you make any defamatory statements in your submission then a legal proceeding for defamation may be used against you.
- Authors of submissions are responsible for securing the appropriate right to use any third party material incorporated into their submissions.
- Submissions made by individual community members should not include any personal details other than your name, suburb, state/territory or country. For submissions made by organisations contact details may be included.

**X Please tick to indicate that you have read and agree to the above.**



11 April 2008

By email: [contactus@garnautreview.org.au](mailto:contactus@garnautreview.org.au)

Garnaut Review Secretariat  
Level 2, 1 Treasury Place  
East Melbourne, Victoria 3002

Dear Sir/Madam,

### **Garnaut Review – Issues Paper – Forum 5, Transport Planning and the Built Environment**

The Consumer Action Law Centre (**Consumer Action**) welcomes the opportunity to comment on *Issues Paper – Forum 5, Transport Planning and the Built Environment* (the **Issues Paper**), released by the Garnaut Climate Change Review on 11 March 2008.

Our comments are limited to the issue of building efficiency, and particular residential household efficiency. It is our view that efforts to improve energy efficiency in residential households will enhance consumer thermal comfort, reduce energy bills and importantly reduce emissions. Energy efficiency policies that assist low income and vulnerable consumers can assist them to participate in energy conservation when they may otherwise be unable to, due to cost pressures.

#### **About Consumer Action**

Consumer Action is a campaign-focused consumer advocacy, litigation and policy organisation. As a community legal centre, Consumer Action provides free legal advice and representation to vulnerable and disadvantaged consumers across Victoria, and is the largest specialist consumer legal practice in Australia. Consumer Action pursues a law reform agenda across a range of important consumer issues at a governmental level, in the media, and throughout the community directly and is dedicated to advancing the interests of low-income and vulnerable consumers, and of consumers as a whole.

#### **Barriers to address the low uptake of household energy efficiency opportunities**

We agree with the comments of the Issues Paper that the major barriers preventing consumers from undertaking energy efficiency activities are:

*Split incentives* – split incentives between tenants and landlords apply as landlords don't receive the benefits of reduced electricity consumption or lower emissions by installing

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insulation or higher efficiency heaters in a tenanted house. Conversely, tenants, who are unable to install energy efficiency appliances, are faced with high energy bills, the result of energy intensive, high emissions housing.

*Low income* – low-income consumers have limited access to funds in both public and private rentals and at times in private home ownership. The ability to finance retrofits or install insulation for example is beyond the scope of many consumers.

## **Policies and mechanisms to address barriers to household energy efficiency**

We believe that there are a number of policies or mechanisms that should be introduced to address the low uptake of energy efficiency in residential households, including tenanted and low-income households. These include:

*Mandatory energy efficiency performance standards* – We strongly support the Minimum Energy Performance Standards (**MEPS**), and understand that a number of additional home appliances are in the process of being included in the MEPS scheme. However, we believe that the standards could be broadened to cover a wider range of appliances and strengthened with urgency to include all domestic and imported appliances with increased standards.

*Housing standards* - We also believe that improved energy efficiency standards could apply to housing. We recognise that standards already apply for new houses, such as the 5 star scheme in Victoria<sup>1</sup> and the BASIX scheme in NSW,<sup>2</sup> but believe consideration should be given as to whether standards can be extended to existing houses. It is our view that such standards need to apply to all housing, with the minimum baseline rating applying to public housing. A large proportion of public housing stock is inefficiently built and tenants are paying premiums for their electricity use and have high emissions as a result. Until the energy efficiency of these houses is addressed, any house rating scheme would be undermined. Standards could also be applied easily to tenanted houses, requiring landlords or estate agents to only let properties that satisfy a minimum standard. We recognise that significant costs will be involved in bringing properties up to minimum standards. So as low-income consumers are not penalised by such standards through increased rents and cost of housing, we encourage Governments to investigate ways to alleviate such cost pressures.

*Rebates* – We support appropriate government-funded rebate programs to encourage energy efficiency activities in residential homes. While rebate schemes can be effective, it is our view that rebate schemes will not overcome barriers faced by low-income consumers (outlined above). In some instances, we are concerned that rebate schemes are being implemented to the detriment of low-income consumers. For example, in Victoria the Government recently removed the Network Tariff Rebate, a concession provided to rural and regional consumers to subsidise the extra costs of transporting electricity to those consumers, with a rebate to encourage regional consumers to install solar hot water.<sup>3</sup> It is our concern that this policy decision means that a concession that benefited the entire

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<sup>1</sup>Source: <http://www.sustainability.vic.gov.au/www/html/2035-5-star-homes.asp>, accessed 11 April 2008

<sup>2</sup>Source: <http://www.basix.nsw.gov.au/information/about.jsp>, accessed 11 April 2008

<sup>3</sup> Minister for Energy and Resources, *Media release – Solar hot water rebates for regional consumers*, Friday 21 March 2008.

community has been transferred to become a concession that benefits middle and high income consumers (even with the rebate, low-income consumers are unlikely to be able to afford a new solar hot water system). We accept that rebates for solar hot water systems may contribute to reduced overall costs in the long term, but policy makers need to be reminded of the short term needs of low income and vulnerable consumers to access to affordable energy.

*Tax rebates* – We believe that further consideration should be given to the provision of tax incentives for landlords who implement energy efficiency mechanisms in residential properties, particularly properties that are tenanted by low-income consumers.

*Centralised energy efficiency programs* – Consideration should also be given to efforts to reduce transaction costs of energy efficiency programs through centralised operations. We believe there is potential for cost savings opportunities through programs similar to those in the United Kingdom (UK) and encourage the Government to further investigate their applicability to Australia. For example, energy efficiency programs such as Warm Zone<sup>4</sup> operates across the UK and typically provides a centralised service for low income/tenanted properties while acting as an interface between tenants and landlords to maximise energy efficiency opportunities such as insulation installation.

*Funds* – We strongly support the allocation of revenue from the upcoming Emissions Trading Scheme's auctioned permits to be used to increase energy efficiency standards in Australian housing stock, with an initial focus on low income tenanted properties, resulting in immediate emissions reductions.

*Urban planning and design* – It is our view that urban planning needs to encourage higher density living. This, combined with increased building and energy efficiency standards, will immediately increase the potential for low emission results. Urban planning for high density will also provide opportunities for increased transport nodes, providing more access to public transport which will in turn combine to address additional health and social issues.

Should you have any questions about this submission, please contact Janine on 03 9670 5088.

Yours sincerely

**CONSUMER ACTION LAW CENTRE**



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<sup>4</sup> Source: <http://www.warmzones.co.uk>, accessed 11 April 2008