

Renting in Queensland
Department of Housing and Public Works
PO Box 690
Brisbane QLD 4001

To whom it may concern,

Re: Open Doors to Renting Reform

On behalf of Better Renting, I'm writing to share our views on how we can make sure that more renters in Queensland have healthy, comfortable homes. Better Renting is a community of organisations working together for stable, affordable, and liveable homes. The quality of rental homes, particularly how cheap and easy they are to heat and cool, has implications for all of these. Unliveable homes undermine stability, by making it more likely that renters have to relocate to find a more habitable home. Inefficient homes undermine affordability, by increasing the utility costs of renting a particular dwelling. And low-quality homes undermine liveability, by making it harder for renters to have a comfortable living environment.

Better Renting has done a good deal of work on the issue of energy efficiency in rental properties and we would like to share some of the implications.

Inefficient rental homes are harming renters in Queensland

Around Australia, people who rent live in properties that are more expensive to heat and cool because they are less energy-efficient. Renters are four times more likely to live in a home without insulation, and they are less likely to have window treatments such as curtains. While almost two in three homeowners have draught-proofed their doors and windows, only one in five private renters has.¹ Renters' homes are also more likely to have major structural problems such as major cracks or windows out of plumb.² In the ACT (the only Australian jurisdiction requiring disclosure of energy efficiency ratings), only 5% of properties advertised for sale have an energy efficiency rating of 0, while one in four disclosed EERs for rental properties are 0.³ In short, people who rent live in draughtier and less-insulated properties that are harder and costlier to cool in summer and heat in winter.

This is a consequence of 'split incentives'. Landlords who would bear the costs of energy efficiency improvements would not experience the direct benefits of reduced energy costs and improved comfort. As COAG has put it, "there is little incentive for owners of rental properties to invest when tenants reap the benefits from improved energy performance."⁴ Renters themselves

¹ Australian Bureau of Statistics, 'Household energy consumption survey, 2012'. Canberra, ABS 4670.0, 2013.

² Australian Bureau of Statistics, 'Housing Mobility and Conditions, 2013-2014'. Canberra, ABS 4130.0, 2015.

³ Data sourced from Fuerst, F, & G Warren-Myers, 'Does voluntary disclosure create a green lemon problem? Energy-efficiency ratings and house prices'.in *Energy Economics*, 74, 2018, 1–12.

⁴ COAG, National Collaborative Approach To Residential Building Ratings and Disclosure - Principles. 2016.

are not able to make significant changes themselves and cannot be confident of remaining in the property for long enough to benefit from changes.

The outcomes of this are severe. Because inefficient properties are harder and more expensive to heat in winter and cool in summer, renters face inflated power bills and worse health outcomes. Cold, damp housing is strongly linked with worse mental and physical health,⁵ and these effects are worse for low-income households⁶ or people with disabilities⁷. Low-income households - who are more likely to be renting - also spend a greater proportion of their income on utility costs.⁸ This expense is avoidably increased due to inefficient housing.

Surprisingly, the health issues of cold homes are still pronounced in hot states like Queensland. A 2015 study in *The Lancet* measured deaths attributable to heat and to cold in three Australian cities, including Brisbane. The study found that 5.06% of all deaths in Brisbane were temperature-related, with over nine in ten temperature-related deaths being a consequence of cold temperatures, not heat.⁹ It is likely that these deaths from cold are disproportionately occurring in cold homes - a fuel poverty review in the UK found that “excess winter deaths” are three times more concentrated in the coldest quartile of homes than in the warmest quartile.¹⁰ Given ABS data and data from the ACT, it’s probable that the coldest homes are disproportionately likely to be inefficient rental homes.

Minimum standards are preferable to a ‘carrots only’ approach

The best way of making rental properties healthy and safe for the people in them is to establish and enforce minimum standards, in conjunction with incentives or financial support.

Regulated minimum standards are necessary because incentives *on their own* have proved useless when it comes to motivating landlords to improve their properties. Governments and NGOs across Australia have already tried the ‘carrots only’ approach and it has consistently failed.¹¹ A particularly striking example is the LEAPR program (low emissions assistance plan for renters. The program had the target of assisting 700,000 rental properties; it eventually paid only 5625 claims, less than 1% of the target.¹² There is overwhelming evidence that, while incentives can encourage compliance with regulation, they are ineffectual on their own.

⁵ Public Health England, ‘Local action on health inequalities: Fuel poverty and cold home-related health problems’. 2014.

⁶ Pape, A, *Energy Efficiency and People on Low Incomes*. Strawberry Hills, 2013.

⁷ Hodge, C, *More Power To You: electricity and people with physical disability*. Sydney, 2012.

⁸ Australian Competition and Consumer Commission, *Restoring electricity affordability and Australia’s competitive advantage*. 2018.

⁹ Gasparrini, A, Y Guo, M Hashizume, E Lavigne, A Zanobetti, J Schwartz, et al., ‘Mortality risk attributable to high and low ambient temperature: a multicountry observational study’.in *The Lancet*, 386, 2015, 369–375.

¹⁰ UCL Institute of Health Equity. *The health impacts of cold homes and fuel poverty 2011*. Available from: www.instituteofhealthequity.org/projects/the-health-impacts-of-cold-homes-and-fuel-poverty.

¹¹ Better Renting, *Treasury Laws Amendment (Improving the Energy Efficiency of Rental Properties) Bill 2018*, Submission 2, 2018.

¹² Australian National Audit Office, *Home Insulation Program*. Canberra, 2010.

Minimum standards are popular. In a Victorian survey of renters and landlords, standards were supported by over 90% of renters and 70% of landlords.¹³ A 2018 survey of 1000 Australians found that 80% supported minimum standards for rental homes “to ensure that they are safe, comfortable and have low energy bills.”¹⁴ Not only are health and safety standards effective policy, they are what the public want.

Minimum standards may be designed around specific measures that must be implemented (such as ceiling insulation) or around a specific performance standard that must be achieved according to a measurement framework (such as the existing requirements on new buildings). Standards can be phased-in over time (as the UK is doing with their standards), with financing provided to landlords, or other incentives. The design of minimum standards is important, and on this we recommend Environment Victoria’s [Bringing Rental Homes Up to Scratch](#) and the Rocky Mountain Institute’s [Better Rentals, Better City report](#).

Queensland should move to establish minimum health and safety standards for rental properties.

A growing number of people are living in rental properties, at all stages of life, particularly people on low-incomes. Energy costs are consuming a growing chunk of the household budget, especially for the most vulnerable, who are more likely to be renting. And rental properties have significantly worse energy efficiency than owner-occupied properties, increasing bills and harming health.

While the Australian dream of homeownership is out of reach for a growing number of Queenslanders, the dream of a comfortable, liveable home need not be. Minimum health and safety standards can ensure that an increasing number of vulnerable households, renting privately, can enjoy the right to live safely, in dignity and comfort in their home.

Regards,

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Better Renting

¹³ Wrigley, K, & RH Crawford, 'Identifying policy solutions for improving the energy efficiency of rental properties'.in Energy Policy, 108, 2017, 369–378.

¹⁴ Energy Efficiency Council, *Energy Bills & Energy Efficiency*, 2018.