

13 October 2023

Inquiry Secretary
Legislative Council Sessional Committee
Parliament House
Hobart TAS 7000
attn: Secretary

via email: epr@parliament.tas.gov.au

To Julie Thompson,

Re: Inquiry into Energy Prices in Tasmania

The Tenants' Union of Tasmania welcomes the opportunity to provide a response to the *Inquiry into Energy Prices in Tasmania* ('the Inquiry'). The Inquiry is timely with household energy prices in Tasmania having increased by around 22.5 per cent since July 2022¹ and many renters, particularly those with the least capacity to pay, living in poor quality housing that is expensive to heat and cool. With energy prices likely to continue to rise our response focuses on law reform measures the Government should introduce which will put downward pressure on energy costs for renters.

The Tenants' Union of Tasmania is a not-for-profit community legal centre specialising in residential tenancy law and providing information, advice and representation to more than 57,000 residential tenants located across Tasmania. We also offer community legal education and training and advocate for the improvement of residential tenants' rights.

Renting is increasingly permanent

According to data collated by the Real Estate Institute of Tasmania, house prices in Tasmania have increased by 115 per cent over the last decade. Ten years ago, the median house in Tasmania sold for \$290,000. Today, the same house will sell for \$626,000.²

With growth in wages failing to match the rise in property prices, home ownership has become increasingly unattainable - particularly for first home buyers. According to data released by the Australian Institute of Health and Welfare, the rate of home ownership amongst 30-34 year olds in Tasmania has dropped from 69 per cent in 1981 to 52 per cent in 2021.³ With home ownership becoming more difficult, residential tenants have become increasingly diverse in terms of age, income and stage in life as the Australian Housing and Urban Research Institute has observed:⁴

¹ Aurora Energy, 'Tasmanian Energy Prices'. As found at <https://www.auroraenergy.com.au/residential/payments/tasmanian-energy-prices> (accessed 9 October 2023). Also see Aurora Energy, 'Will prices rise in 2023-24'. As found at <https://www.auroraenergy.com.au/faqs/payments/will-prices-rise-2023-24> (accessed 9 October 2023).

² Homes Tasmania, *Tasmanian Housing Strategy, Discussion Paper* (September 2022) at 13.

³ Australian Institute of Health and Welfare, *Home ownership and housing tenure* (April 2023).

⁴ Kath Hulse, Sharon Parkinson and Chris Martin, *Inquiry into the future of the private rental sector* (Australian Housing and Urban Research Institute, Final Report No. 303: August 2018) at 8-9.

Once seen as a transitional housing tenure for young people between leaving the family home and becoming home owners, there are more private renters at mid-life and more private renters with children (40% of private rental sector households). Importantly, there has been an increase in both lower and middle/higher income households in the private rental sector. Australians are renting for longer periods — a third of private renters have been renting for 10 or more years.

With a growing number of long-term renters, including into retirement it is clear that we need to do more to provide homes that reduce the amount of warmth escaping in the colder months and the amount of heat entering in the warmer months. This is particularly important given that there are proportionately more poor-quality and energy inefficient rental properties than owner occupier properties.⁵

Homes that are energy inefficient result in proportionately higher energy bills as a result of having to use more electricity to heat and cool the property. Research undertaken by the Australian Council of Social Services and the Brotherhood of St Laurence for example showed that low-income households spend 6.4 percent of their income on energy, compared to high income households paying an average of 1.5 percent.⁶ In turn, proportionately higher energy bills means that some renters are forced to restrict their energy consumption or risk defaulting on bill payments⁷ with the Tasmanian Council of Social Service (TasCOSS) reporting that there are up to 50,000 Tasmanian households experiencing energy poverty.⁸

Rental properties and Healthy Indoor Temperatures

The World Health Organisation recommends a healthy temperature range inside homes of between 18°C and 24°C.⁹ And yet a study carried out in 2022 tracking temperatures and humidity in rental properties in winter found that Australia’s housing stock “is not built to cope with winter cold... [contributing to] higher energy costs, poorer respiratory and cardiovascular health and adverse mental health impacts”.¹⁰ The study reported that Tasmanian participants were living in rental properties below the WHO healthy temperature range 21 hours of the day.¹¹ A similar study carried out in summer found that Tasmanian participants were spending around one third of the time in rental properties with temperatures above 25°C.¹²

⁵ For example, a study carried out by the Australian Competition and Consumer Commission found that private renters (66 per cent) and social housing renters (62 per cent) are less likely than owner occupiers (77 per cent) to have an air conditioner and have fewer rooms capable of being cooled mechanically: Australian Competition and Consumer Commission, *Consumer Outcomes in the National Retail Electricity Market* (Final Report: June 2018), Appendix 12 at 69.

⁶ Australian Council of Social Services, Brotherhood of St Laurence and the Australian National University, *Energy stressed in Australia* (October 2018) at 4.

⁷ An Australian study for example found that around 40 per cent of Australian households who rent may be unable to heat their home or had defaulted on bill payments. See Francisco Azpitarte, Victoria Johnson and Damian Sullivan, *Fuel poverty, household income and energy spending: an empirical analysis for Australia using HILDA data* (Brotherhood of St Laurence: 2015) at 15.

⁸ Tasmanian Council of Social Service, *Submission to the Inquiry into Energy Prices in Tasmania* (October 2023).

⁹ World Health Organisation, *WHO Housing and Health Guidelines* (Geneva: 2018) at 33.

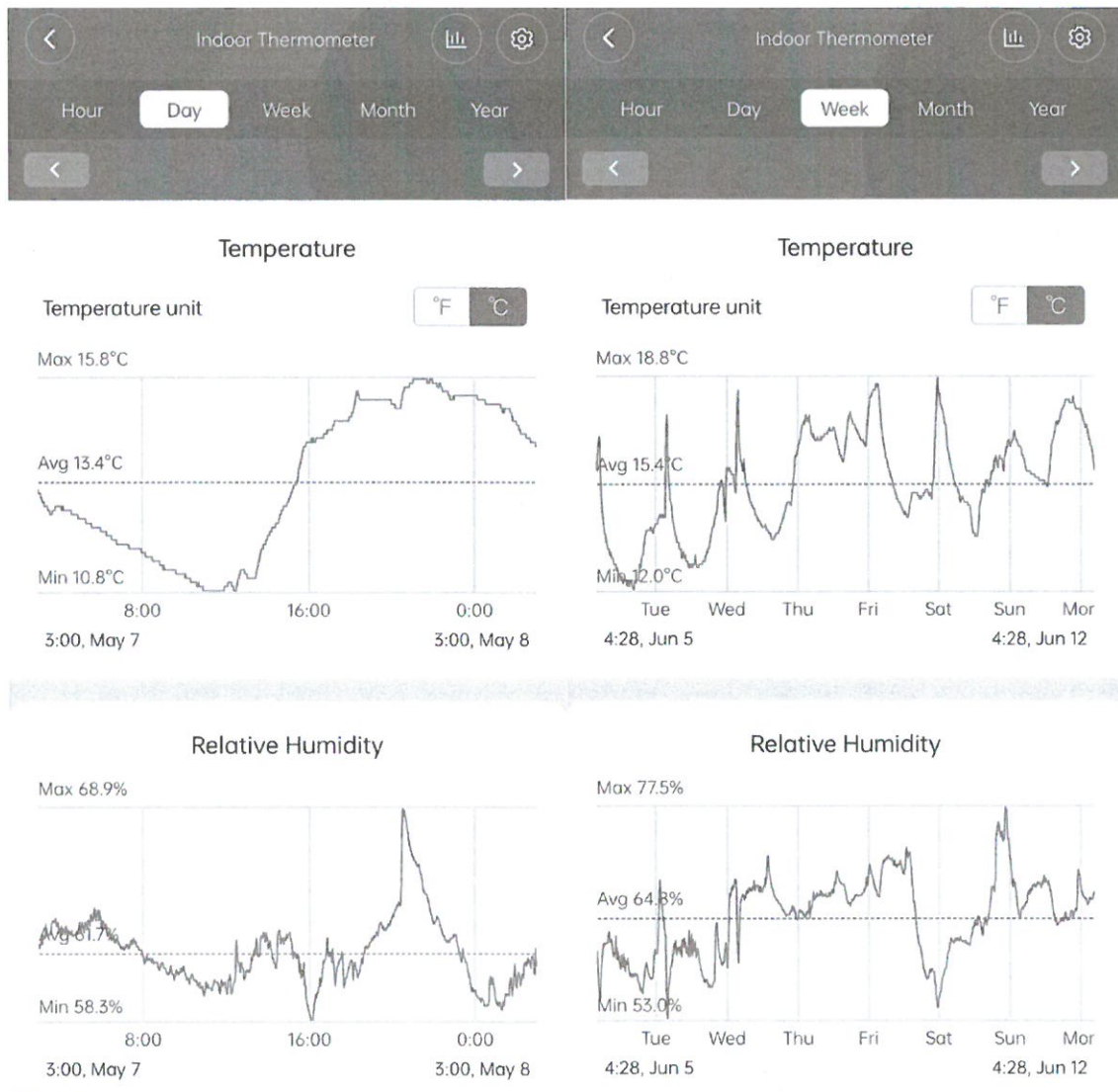
¹⁰ Joel Dignam and Bernadette Barrett, *Cold and costly: Renter Researchers' Experiences of Winter 22* (Better Renting, Canberra: August 2022) at 1.

¹¹ *Ibid* at 2.

¹² Bernadette Barrett, Luke Catania and Joel Dignam, *Sweaty and Stressed: Renting in an Australian Summer* (Better Renting, Canberra: March 2023).

Case study:

Bronwyn Smith lives with her family in a three-bedroom rental property north of Hobart. The house is continuously cold over the winter months. Although there is a heat-pump in the main living area it does not warm up the rest of the house meaning that the children sleep with beanies on. Bronwyn bought a small plug-in heater in the hope that she could warm up her children's bedrooms but after receiving a big jump in her electricity bill has stopped using it because she is worried how she will pay the increased electricity bill. After contacting the Tenants' Union of Tasmania, Bronwyn installed a sensor thermometer which demonstrated that the family are often living in a home colder than the healthy temperature range recommended by the World Health Organisation.



Energy efficiency minimum standards in rental properties

In 2020 the State Government acknowledged the importance of improving energy efficiency in Tasmanian homes:¹³

improving energy efficiency is one of the most cost-effective ways for households to take control of their energy use, reduce their energy bills, improve their health and help take action to combat climate change.

We strongly believe that all rental properties should meet basic energy efficiency standards which minimises the amount of energy required to heat or cool a home. It is not enough to incentivise renters to buy energy efficient appliances through the *Energy Saver Loan and Subsidy Program*¹⁴ because the outcome is fragmented, the cost is borne by the renter and in many cases energy efficient upgrades (such as insulation) are unlawful without the owner's consent.¹⁵ Minimum energy standards for rental homes, including insulation, appropriate heating and cooling and energy efficient appliances will ensure that renters across Tasmania benefit from healthier homes and lower power bills.

New South Wales, Victoria, the Australian Capital Territory, Queensland, South Australia and Tasmania have minimum standards for rental properties.¹⁶ Of the jurisdictions that mandate window coverings, Tasmania is the only jurisdiction that has expressly excluded window coverings from social housing properties. The importance of window coverings to minimise heat loss is highlighted in a Commonwealth Government factsheet which notes that up to 40 per cent of a home's heating energy can be lost through windows that do not have window coverings.¹⁷

Victoria and the Australian Capital Territory have gone much further than other jurisdictions, introducing a suite of basic energy efficiency minimum standards for rental properties. In Victoria, all appliances, fittings or fixtures which supply water, electricity or gas must meet minimum efficiency ratings¹⁸ and renters do not need permission to make minor modifications that reduce energy and water usage costs.¹⁹ And, in the ACT it is now a requirement that all rental properties be fitted with ceiling insulation²⁰ with the ACT

¹³ Department of State Growth, *Tasmanian Renewable Energy Action Plan* (Tasmanian Government: December 2020) at 39.

¹⁴ Department of State Growth, *Tasmanian Renewable Energy Action Plan* (Tasmanian Government: December 2020) at 39-40.

¹⁵ Pursuant to section 54 of the *Residential Tenancy Act 1997* (Tas) a tenant is not allowed to affix any fixture, or make alterations or additions to their home without the written consent of the landlord.

¹⁶ Section 52 of the *Residential Tenancies Act 2010* (NSW); Schedule 4 of the *Residential Tenancies Regulations 2021* (Vic); Part 3 of the *Residential Tenancies Regulation 1998* (ACT); Schedule 5A of the *Residential Tenancies and Rooming Accommodation Regulation 2009* (Qld); Part 3 of the *Housing Improvement Regulations 2017* (SA); Part 3B of the *Residential Tenancy Act 1997* (Tas).

¹⁷ Department of Climate Change, Energy, the Environment and Water, 'Winter - 10 things you can do now'. As found at <https://www.energy.gov.au/households/household-guides/seasonal-advice/winter> (accessed 13 October 2023).

¹⁸ Consumer Affairs Victoria, 'Efficiency standards for replacement appliances and fixtures'. As found at <https://www.consumer.vic.gov.au/housing/renting/repairs-alterations-safety-and-pets/gas-electrical-and-water-safety-standards/efficiency-standards-for-replacement-appliances-and-fixtures> (accessed 13 October 2023)

¹⁹ Section 64(1B)(g) of the *Residential Tenancies Act 1997* (Vic).

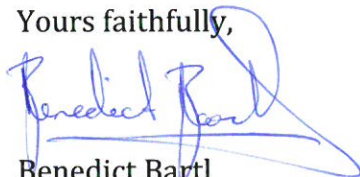
²⁰ Justice and Community Safety Directorate, 'Rental properties subject to minimum insulation standards in rental homes'. As found at <https://www.act.gov.au/our-canberra/latest-news/2023/april/rental-properties-subject-to-minimum-insulation-standards> (accessed 13 October 2023).

Government noting that “up to 35 per cent of heat is lost through the ceiling over the colder months”.²¹ Outside Australia, New Zealand requires all rental properties to be equipped with heating of a certain capacity, and with ceiling and underfloor insulation. Similar standards should be adopted in Tasmania, which has a broadly similar climate to Victoria, the ACT and New Zealand.

Strengthening energy efficiency minimum standards in all Tasmanian rental properties will put downward pressure on energy costs whilst at the same time improving living standards for renters.

If we can be of any further assistance, please do not hesitate to contact us.

Yours faithfully,



Benedict Bartl
Principal Solicitor
Tenants' Union of Tasmania

²¹ ACT Government, '*Minimum energy efficiency standards for rental properties*'. As found at <https://www.justice.act.gov.au/renting-and-occupancy-laws/energy-efficiency-standards-for-rental-homes> (accessed 13 October 2023).