



Proposal to accelerate and scale sustainable and trusted Home Energy Upgrades, prioritising low-income housing.

Introduction

Home energy upgrades deliver multiple benefits to governments, people, and communities. They provide a low-cost mechanism to achieve Australia's emissions reduction targets; create homes that are healthy, safe, climate resilient and affordable to run; help reduce energy bills and cost of living pressures; create jobs; and improve energy security and reliability.

With roughly 8 million homes requiring some level of retrofit ideally by 2035 to achieve emissions reduction and climate-resilience goals, the task requires significant government and market support.

There is consensus amongst community, business and finance sectors that **government should prioritise and directly finance home energy upgrades for low-income housing**.

Direct government support would build economies of scale and market capacity, reducing the costs for all housing energy upgrades. It would reduce energy hardship, inequality and ensure people with the least are not left behind in the energy transition.

Research by Deloitte Access Economic, commissioned by ACOSS, shows that [a program to electrify, improve energy efficiency of and add solar to low-income housing](#) would deliver ongoing energy bill savings of \$3,350 on average, add more than \$17 billion to our economy and create an average of 12,700 fulltime equivalent jobs each year.

ACOSS has produced maps that show the bill savings, job creation and emission reduction benefits of these home energy upgrades by federal electorate:

https://www.fairfastclimateaction.org.au/the_benefits_of_home_energy_upgrades

We welcomed the Federal Government's \$300 million investment (matched by states and territories) to retrofit 60,000 social housing dwellings,⁶¹ and recent agreement from the Federal Government to provide an additional \$500 million in unmatched funding to expand this program.⁶²

These investments are a good start. However, funding must be scaled up now across all low-income housing to meet emissions reductions targets, build climate resilience and reduce disadvantage.

The Renew Australia for All Campaign, of which ACOSS is a member, is calling for at least \$50 billion over 10 years to fund the *Repower Our Homes: Energy Bill Savings Plan*¹, with a \$5 billion initial investment for FY2025-26.

Summary of ACOSS Home Energy Upgrade proposal

As part of the Home Energy Bill savings package, ACOSS is urging all parties and candidates to commit to:

¹ <https://renewaustraliaforall.org/repower-our-homes/>

- **Build on the critical federal investment into home energy upgrades for social housing and commit to upgrade ALL social housing** by 2030, prioritising First Nations social housing.
- **Provide support to the states and territories to implement mandatory energy performance standards for rental properties.** Supports could include targeted and conditional subsidies to landlords alongside measures to protect renters (for example, limit rent increases and no evictions for defined periods of time), and appropriate services to assist landlords meet mandatory energy performance standards. The services would be like a one-stop-shop to help landlords access energy efficiency audits, qualified and certified tradespeople, and funding and finance options. The service could be delivered via one or a mix of third parties such as local councils, private certified providers, community organisations, and state agencies. Also [see statement by 120 organisations](#) outlining measures the federal Government could invest in.
- **Provide support to help low-income homeowners access home energy upgrades.** Support could include subsidies, access to no-interest loans and tailored and culturally appropriate services. The services should be similar to those provided to landlords discussed above.
- **Funding for a federal agency** to coordinate investment, policy, standards and regulations for demand side and energy performance measures. The agency should also provide oversight functions for delivery partners, enable education and communication, as well as coordination across states.
- **Workforce and Industry package.**²

Specific programs

To implement some of the above proposals, ACROSS recommends establishing a Special Purpose Funding Vehicle (SPFV) to provide funds that can be scaled up each year with contributions from other sources. Further information on the SPFV can be found in the following ACROSS report [Funding and Financing Energy Performance and Climate Resilient Retrofits for Low-income Housing](#). The funds would be used to deliver tailored programmes to people in different low-income housing.

Whether via the SPFV or the Federal Government budget, ACROSS is advocating for a portion of the \$5 billion to fund the following programmes:

1. Public housing

- In partnership with states and territories, contribute to fully funding energy efficiency, electrification and solar retrofits to all public housing. Prioritise First Nations public housing, with the Federal Government fully funding upgrades to First Nations Housing in the Northern Territory (see proposal 3 below).

2. Community housing

- Establish a grant and finance mechanism administered through Housing Australia, to enable community housing providers to undertake home energy upgrades to the housing stock they own or manage.

² See Repower our Homes proposal for further information <https://renewaustraliaforall.org/repower-our-homes/>

3. Clean Energy Upgrades for First Nations Communities in the Northern Territory

- Provide \$265 million to fully fund home energy upgrades, including solar, battery and thermal energy efficiency measures alongside energy metering and tariff reform in First Nations social housing in the Northern Territory.
- This proposal responds to the urgent need to improve energy, health, employment and financial outcomes for First Nations people living in social housing across the Northern Territory.
- Given the Northern Territory Government lacks resources to match the existing Federal Government social housing fund, let alone scale it up, we propose that the Federal Government fully fund the clean energy and home energy upgrades for First Nations social housing in the Northern Territory. In exchange, we propose the Northern Territory Government administer the program and deliver on its proposed project goals. Rather than stop-start funding, which would delay the delivery of these urgent reforms, the funds should be fully committed but released in a staged approach once agreed milestones are met.
- The Northern Territory Government, including NT Power and Water, Jacana, Department of Infrastructure Planning and Logistics (DIPL), Department of Territory Families, Housing and Communities, and other relevant Departments, would be required to partner with First Nations Communities, community-controlled organisations and registered community housing providers to deliver the program goals.
- The program would be delivered in two stages. Stage 1 includes a feasibility and implementation study and pilot studies. Stage 2 is scaling up delivery to all First Nations social housing in the NT.
- The budget for Social Housing Home Energy Upgrades is based on [ClimateWorks Quick Fix + solar](#) \$20,600 per home, plus 11% to account for remote delivery (cost to build in the NT compared to national average). This brings the total cost of home energy upgrades to \$22,866 per dwelling.
- This project can provide a blueprint to support First Nations Social Housing upgrades in other remote areas. A detailed project proposal is available on request.

4. Scale up home energy upgrades through local government

- Provide \$72.5M to fund a three-year program with 27 Victorian local councils to establish a sustainable financial and delivery platform for home energy upgrades, that includes disadvantaged and low-income households. The program would deliver home energy upgrades to owner-occupier and private rental dwellings in Victoria and establish a clear framework and blueprint for national expansion, including the necessary enabling legislative and regulatory reform.
- The Local councils would:
 - Establish and manage a dedicated funding vehicle.
 - Establish and manage a rates-based finance scheme via Environmental Upgrade Finance (EUF), that administers low and zero interest loans paid back

- via council rates over a 5-10 year period. The finance can stay on the property in the advent of sale or could be paid off at sale.
- Provide targeted subsidies to low-income households.
 - Act as a one-stop-shop. Local councils would provide advice about home energy upgrades, facilitate access to trusted and certified suppliers, engage with 'hard to reach' communities, provide financial assistance to reduce high upfront costs, split incentives and ownership types.
 - Research, monitor, and evaluate the project to provide blueprint for national roll out.
- Victorian local councils have a proven history in delivering and financing residential energy retrofit and solar programs targeting and engaging vulnerable and 'hard to reach' households. Victorian local councils have existing programs with resources and processes that can be rapidly scaled up (e.g. [Solar Savers](#) is being delivered across 27 councils with five councils providing additional subsidies and rebates to vulnerable households). The program can tap into a national local government electrification communications campaign involving 95 councils nationally to educate and reach thousands of households. Victoria local councils are experienced in the application of rate-based property charges for the purpose of financing energy upgrades – both Environmental Upgrade Finance (EUF) and Special Charges mechanism.
 - In parallel, the Federal Government should provide **an additional \$52 million** over three years to fund **all Australian councils** to provide community information, education and outreach services to support home energy upgrades. Place-based programs could partner with community groups to reach diverse communities with trusted messengers. Funding could be allocated to regional alliances of councils or existing community groups, based on the number of households in their region (similar to the Roads to Recovery funding model). This approach will expand the capacity of councils to engage and educate communities in the first instance, enabling them to more quickly facilitate access to certified tradespeople, rates-based finance model and subsidies once the Victorian program has established the national delivery model.
 - The program aims to establish a sustainable trusted delivery model, that is easily scalable and can inform delivery models in other states and territories. A detailed and costed project proposal is available on request.

5. Modify ACT home energy upgrade programs to better support people on low incomes and renters

- Provide \$125.75 million, over three years to improve the Australian Capital Territory Government's [Home Energy Support Program](#) and the [Sustainable Household Scheme](#) to better target and increase uptake of home energy upgrades amongst low-income owner-occupiers and be used to establish a new program to increase home energy upgrades in private rental properties alongside new energy performance rental standards.
- The ACT Government's **Sustainable Household Scheme** provides zero-interest loans to eligible households.³ It also provides up to \$5,000 to rebates for eligible households via the **Home Energy Support Program**. These programs are primarily administered via a third party, [Brighte](#), which manages the finance and

³ Houses with unimproved value at or below \$750,000

provides support to access products and tradespeople. Brighte does not charge households any establishment or ongoing fees (a late payment fee applies). Brighte has upgraded approximately 18,000 homes over 3 years, with most upgrades being solar installations.

- **The mix of subsidies, zero-interest loans and delivery partner is a good model.** However, the program needs to be modified to increase the take-up by lower income owner-occupiers and private landlords, and install other critical home energy upgrades such as thermal efficiency (insulation, gap ceiling window coverings) and efficient electric appliances (hot water heat pumps, induction cooking, electric heating and cooling systems).
- Based on broader research⁴ and anecdotal feedback on the existing programs in the ACT, barriers to further uptake include cost to upgrade, lack of awareness and trust, lack of knowledge and confidence on what upgrades are needed and which upgrades are beneficial. For landlords, there remains a lack of incentive, lack of awareness and access restriction in the existing program (i.e you must choose whether to access the program for the property you live in or the property you rent out).
- Our proposal aims to build on the strengths of the existing ACT's home energy upgrades programs to better target people on low-income and renters by:
 - Providing free energy assessments/audits
 - Increasing the subsidy available
 - Increasing the loan size available
 - Funding community organisations to provide culturally appropriate community outreach and engagement
 - Creating a Rental Property Energy Upgrade Program in exchange for the ACT Government mandating further energy performance standards in rental properties to better target landlords. This would include a targeted and conditional early mover subsidy to reduce costs to landlords.
- We propose the program continues to be delivered by the ACT Government. Research and evaluation would be undertaken to provide lessons learnt, with the aim to make it easily scalable and can inform delivery models in other states and territories.
- A detailed project proposal is available on request.

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⁴ <https://www.acoss.org.au/wp-content/uploads/2024/02/ACOSS-Report-Funding-and-Financing-Low-income-retrofits-January-2024-.pdf>