

# Submission on new minimum energy efficiency standards for rental properties

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# Recommendations

<b>Supporting renters to live in more energy efficient homes</b>	<ol style="list-style-type: none"><li>1. Expand the minimum standards to include energy efficiency for ceiling insulation, draughtproofing, hot water systems, cooling and the uplift of current standards for heating and showers.</li><li>2. Expand the minimum standards to include the requirement for blind or curtain cord anchors.</li><li>3. Build on Federal and Victorian Government programs and incentives to help rental providers meet the new minimum energy efficiency standards.</li></ol>
<b>Supporting renters to live in safe and more secure homes</b>	<ol style="list-style-type: none"><li>4. Greater support for renters and rental providers to understand and navigate the Victorian Residential Tenancy laws. This should include providing clear definitions and guidance about legal entitlements or obligations, and the steps that need to be taken to maintain properties and to minimise the occurrence of emergency repairs.</li><li>5. Improve the effectiveness of the Residential Tenancies Regulations by updating the regulations to require rental providers to make a signed declaration at every change of tenant that acknowledges that the property meets the minimum standards, including such standards as ventilation, structural soundness and electrical safety. To help rental providers comply with their obligations, the standard format Condition Report should also be updated to include the 14 minimum standards.</li></ol>

# Introduction

## About RACV

RACV welcomes the opportunity to make a submission to the Department of Government Services on the proposed minimum energy efficiency and safety standards for rental properties.

Representing over 2.2 million members, RACV exists to improve lives in the areas of home, cleaner energy, motoring, mobility and leisure.

RACV is committed to helping members at key stages in life's journey through home. These include moving, renting, buying and selling a home, keeping the home safe, renovations and energy efficiency.

In the home, RACV delivers exceptional services to members and customers through a range of products and services. These include home and contents insurance, trades (for both emergencies and renovations), solar and EV charger installations. RACV is also an energy provider and has launched an Energy Efficient Assessment to support homeowners reduce their energy consumption and bills.

Helping Victorians is at the heart of RACV. In 2022-23, RACV:

- provided almost 880,000 members with home insurance policies,
- assisted with over 50,000 home emergencies through Emergency Home Assist, and
- installed almost 30,000 solar panels.

Home Trades Hub Australia (HTHA) is RACV's 100%-owned subsidiary and Home Service Delivery business which delivers a comprehensive range of repairs, maintenance, inspections and security services around the home through a national network of qualified tradespeople and professionals. It has established working relationships with social and community housing providers. Through a series of recent investments RACV is now one of the largest inspection businesses in Australia.

HTHA's investment partner PropTech Labs has established innovative solutions that streamlines workflow, automated and 'paperless' processes and tracks maintenance service delivery. It is the largest maintenance platform for property managers in Australia. With over 5.1 million users it has an established mobile app for tenants and tradies which allows maintenance requests to be posted in less than 60 seconds, reviewed, sent for approval if needed and for the trades to complete all from a device. HTHA has also invested in Before you Bid, which offers a range of services to property managers, landlords and tenants with over 300,000 properties using their technology.

In late 2023, RACV invited homeowners, renters and people who live with family or friends to have their say in *My Home* survey. More than 7,000 Victorian residents took part and shared their views on home safety, energy, renting and what future homes might look. Some of the key insights were:

- Personal safety is most important for Victorians when it comes to their home, rating significantly higher than housing affordability, ease of getting around or proximity to services.
- Rental properties are not safe enough, and rental providers take too long to make urgent repairs.
- Most Victorians expect future homes to be solar powered, but cost of living pressures are stopping many from making the switch to cleaner energy.

In mid-2024, RACV commissioned research into renting in Victoria. This research has a safety focus and aims to understand whether the experience of renters has improved since the commencement of the new regulations, and if rental properties are safer with the introduction of minimum standards. One thousand Victorian renters were surveyed.

Most renters rated their property condition as good or excellent, with five per cent of renters rating their property condition as poor or very poor.

Most renters indicated that their property met the current minimum standards, however compliance rated higher amongst those paying higher rents. People in lower cost rentals more frequently stated compliance issues, with 15 per cent indicating their property did not have a 3-star water efficient shower head, 10 per cent indicating that their property was not structurally sound and weatherproof and 10 per cent not having adequate ventilation.

# Supporting renters to live in more energy efficient homes

## Introducing minimum energy efficiency standards

RACV welcomes the new minimum standards for ceiling insulation, draughtproofing, hot water systems, cooling, and the uplift of current standards for heating and shower heads.

According to analysis in the *Victorian Gas Substitution Roadmap*<sup>1</sup> improving energy efficiency is critical to save on energy bills. It highlighted the need to switch to efficient electric appliances to protect households from rising gas bills. In addition to protecting renters from rising energy prices, energy efficient homes contribute to improved health and wellbeing through improved thermal performance.

A study undertaken by the Australian Housing and Urban Research Institute (AHURI) found that up to 40 per cent of Australian rental households experience energy hardship<sup>2</sup> and find it expensive to heat and cool their home due to low energy performance. Although some evidence indicates that renters have lower energy consumption than owner-occupiers, renters tend to also be on lower incomes and so spend a higher proportion of their income on energy bills.

The most vulnerable households are often renters, and addressing energy hardship is challenging due to limited legal rights to modify their environment and no obligation for rental providers to ensure a level of thermal performance and energy efficiency. RACV's research into renting found that 13 per cent of renters are looking for a new rental property because their current property isn't energy efficient. Around four in ten renters also told us that they had difficulty keeping their house a comfortable temperature on days of extreme heat or cold.

The AHURI study found that some of the groups more likely to experience energy hardship are older people, single-parent families, people with a medical condition or disability, people on a low-income, culturally and linguistically diverse groups and Aboriginal and Torres Strait Islander peoples. People experiencing energy hardship are also more likely to default on energy bill payments.

Rental properties in general tend to be of poorer quality than other dwellings, particularly in terms of energy efficiency<sup>3</sup> and whilst energy efficiency is best considered at the design stage, retrofitting – such as the proposed minimum standards for energy efficiency – can significantly reduce energy costs for renters and support a greater level of thermal comfort.

RACV's research into renting sought to understand the extent to which rental properties have the proposed energy efficiency and safety minimum standards. Renters indicated that they did not have draught sealing and electric hot water systems, more than any other features (26 and 24 per cent respectively). Those in lower cost rentals are more likely to indicate that they did not have these features.

## Blind and curtain cord safety

RACV welcomes the introduction of blind and curtain cord anchors in the rental minimum standards.

Between July 2021 and October 2022, 39 per cent of rental properties inspected by HTHA in Victoria identified a blind cord safety hazard, with an average of 3.7 blind cord issues per property. As a national business, HTHA undertakes property inspections across Australia. Victoria had the second highest number of blind cord safety hazards identified in rental property inspections compared to other jurisdictions. This represented thirty-two per cent of total national blind cord safety hazards.

<sup>1</sup> See: [Victoria's Gas Substitution Roadmap](#)

<sup>2</sup> See: [Warm, cool and energy-affordable housing policy solutions for low-income renters](#), September 2020.

<sup>3</sup> See: [Warm, cool and energy-affordable housing policy solutions for low-income renters](#), September 2020.

In RACV's research into renting, 17 per cent advised that their curtain and blind cords were not anchored, and a further 14 per cent said they had anchors, but they were not in good working condition.

Low-hanging cords present a known safety risk to young children and can result in injury or death. Expanding the minimum standards to include blind and curtain cord anchors addresses a known gap in regulation, particularly in rental properties with window coverings installed prior to the introduction of the safety standard in 2015.

#### **Recommendation**

1. Expand the minimum standards to include energy efficiency for ceiling insulation, draughtproofing, hot water systems, cooling and the uplift of current standards for heating and showers.
2. Expand the minimum standards to include the requirement for blind or curtain cord anchors.

## **Support for rental providers**

RACV notes the current Victorian Government programs that support rental providers to improve the energy efficiency of rental properties:

- Solar Homes program offering a \$1,400 rebate and equivalent interest-free loan, with the option of a renter co-contribution model.
- Victorian Energy Upgrades program providing discounts on energy-efficient heating and cooling systems and other appliances and features.

#### **Recommendation**

3. Build on Federal and Victorian Government programs and incentives to help rental providers meet the new minimum energy efficiency standards.

# Renters have limited options if a property doesn't meet minimum standards

## Not enough is done to ensure rental properties comply with minimum standards

Consumer Affairs guidance does not stipulate how information about minimum standards should be disclosed to potential renters. Renters are advised that they should inspect a property to make sure it meets minimum standards before they sign a rental agreement. However, based on RACV's assessment of the current minimum standards, six<sup>4</sup> reflect technical requirements that would be difficult for an average person to assess and recognise if the standard was met. Particularly in a short property inspection window. Whilst RACV supports the expansion of the minimum standards, consideration needs to be given to how compliance with the standards will be assessed. It is unlikely that renters and rental providers could identify compliance with insulation (and the existing structural soundness standard), as such implementation guidance should specify a requirement to use appropriately qualified inspectors. This guidance should also include requirements for periodic servicing or re-assessment to ensure items remain in a suitable state or working order.

In recent years RACV has conducted research into the awareness of rental laws amongst both property investors and renters. In 2022, 35 per cent of renters indicated that they were not aware of any of the new rental laws. Similarly, 28 per cent of property investors were not aware of these requirements. Although these figures improved in 2023 to 26 per cent and 24 per cent respectively, they demonstrate that more education and awareness of rights and obligations is needed for both renters and rental providers.

Only 33 per cent of renters told us that they were aware of the proposed energy efficiency and safety minimum standards in the latest renting research.

The establishment of a Renting Taskforce is a positive move to monitor the rental market and ensure properties are meeting the minimum standards, however further work should be done to build awareness of the rights and obligations of both renters and rental providers.

### Recommendations

4. Greater support for renters and rental providers to understand and navigate the Victorian Residential Tenancy laws. This should include providing clear definitions and guidance about legal entitlements or obligations, and the steps that need to be taken to maintain properties and to minimise the occurrence of emergency repairs.

## Renters are still facing difficulties with urgent repairs

In 2016 Consumer Affairs Victoria commissioned EY Sweeney to conduct research as part of the consultation for review of the Residential Tenancies Act 1997. This research found that 37 per cent of renters had made requests for urgent repairs, and of these 53 per cent reported problems in getting the repair completed.

In August 2023, RACV commissioned research<sup>5</sup> that found 42 per cent of renters had required an urgent repair in the previous two years, and of those 41 per cent had difficulty getting the repair made within a reasonable period.

In RACV's *My Home Survey*<sup>6</sup>, undertaken in late 2023, again, 42 per cent of renters had requested an urgent repair in the previous 2 years. Of these, 48 per cent stated the repair was made in less than a week. Unfortunately, many

<sup>4</sup> Minimum standards difficult for an average person to assess compliance: ventilation, toilets (partially), structural soundness, mould and damp, electrical safety and heating.

<sup>5</sup> Renters n=259

<sup>6</sup> See: <https://www.racv.com.au/about-racv/newsroom/racv-announces-the-results-of-my-home-survey.html>

reported waiting longer for repairs that are required to be fixed immediately – 32 per cent waited up to a month, and 14 per cent waited longer than a month.

RACV's research into renting found that 72 per cent of renters had raised a repair request (either urgent or not urgent) in the last two years, with the most common request relating to a faulty appliance, a broken tap or showerhead or a water leak inside the property.

Concerningly, some renters are still experiencing issues having urgent repairs made. The following table outlines renters' experiences with urgent repairs and the average number of days it took to have the repair made.

<b>Urgent repair</b>	<b>Proportion of renters who stated that the repair was fixed but it took a long time<sup>7</sup></b>	<b>Average number of days for the repair to be made</b>
Gas leak	31%	11.3 days
Flood, storm or fire damage	31%	66.7 days
Water leak inside the house	24%	16.9 days
Blocked toilet, pipe or drain	24%	6.6 days
Mould or rising damp	12%	22.6 days
Smoke alarm not working	17%	18.3 days

Four in ten renters told us that they experienced difficulties getting repairs made<sup>8</sup> (whether urgent or non-urgent), of these 15 per cent resorted to arranging and paying for the repairs themselves, 12 per cent moved out of the property and 10 per cent applied to VCAT for resolution.

## Options for renters

Renters have limited options for raising concerns about minimum standards at the start of a rental agreement. If a renter has not yet signed a rental agreement, they can request that the rental provider make the repairs. If a rental agreement has been signed, but the renter has not moved in, the renter can:

- terminate the rental agreement immediately, or
- move in anyway, then make a request for urgent repairs.

Where a property fails to meet the minimum standards (either at the commencement, or at any time during a rental agreement) a renter may request urgent repairs.

Urgent repairs, by definition, are anything that makes the property unsafe or difficult to live in and include the minimum standards. Rental providers are required to make urgent repairs immediately. If a renter has difficulty getting a rental provider to make an urgent repair, the following options are available:

- organise and pay themselves; up to \$2,500 if there has not been a prompt response, or

<sup>7</sup> Renters who raised a repair in the last 2 years, n=718

<sup>8</sup> Renters who experienced difficulties in getting a repair made, n=411



- if they are unable to pay \$2,500 or the repairs cost more than this amount, the renter can apply to VCAT for a repair order. VCAT will review the request within two business days and can order the rental provider to arrange and pay for the repairs.

While most jurisdictions have, or are introducing, minimum standards NSW is currently the only jurisdiction in Australia to include the minimum standards in the standard condition report.

The Residential Rental Agreement could be strengthened in how it references the minimum standards, and RACV notes that the standard condition report is silent on the minimum standards. Updating the Residential Rental Agreement and the standard condition report to reflect the minimum standards will encourage greater dialogue between providers and renters at the start of a rental agreement with the aim to improve the quality of rental properties and minimise the need for urgent repairs. This benefits both rental providers and renters.

### **Recommendations**

5. Improve the effectiveness of the Residential Tenancies Regulations by updating the regulations to require rental providers to make a signed declaration at every change of tenant that acknowledges that the property meets the minimum standards, including such standards as ventilation, structural soundness and electrical safety. To help rental providers comply with their obligations, the standard format Condition Report should also be updated to include the minimum standards.

# Future reviews of rental property minimum standards

## Common rental property hazards

RACV welcomes the expansion of the minimum standards to include energy efficiency and blind and curtain cord safety. As one of the largest inspections businesses in Australia we have built broad expertise of home safety and common issues that arise in rental properties.

The following list represents the most common and avoidable issues detected in past inspections. Any future expansions of the rental property minimum standards could include:

- Balcony, deck and balustrade structural safety – structural, separation or rot issues are common. Injuries can be avoided with skilled inspections and remediation work.
- Falls from high windows, balconies or balustrades – may be caused by lack of (or improperly installed) window restrictors or climbable objects on balconies or unsafe balustrades.
- Kitchen stoves and appliances – not correctly installed.
- Hot water tempering valves – each year in Australia almost 6,000 people<sup>9</sup> are hospitalised because of a burn or a scald. Almost 90 per cent of hot water scalds requiring hospital admission occur in the home. These injuries may be prevented by reducing water temperature through tempering or hot water mixing valves. This is also a recommendation from the Public Health Association of Australia.

RACV notes the Queensland rental property minimum standard for “Fixtures and fittings to be in good repair and not likely to cause injury to a person”<sup>10</sup>. Adopting a standard like this, would cover many of the above common issues.

<sup>9</sup> See: <https://www.phaa.net.au/common/Uploaded%20files/SIG%20documents/Injury%20Prevention%20SIG/09-03%20-%20Injury%20-%20Hot%20Tap%20Water%20Temperature%20Scalds.pdf>

<sup>10</sup> See: <https://www.rta.qld.gov.au/forms-resources/rental-law-changes/minimum-housing-standards>