

Submission to Productivity Commissions inquiry into housing affordability

I believe that one way of increasing housing affordability may be for a combination of properly targeted and integrated measures designed to improve the energy efficiency of new dwellings (and the retrofitting of existing houses). I argue that this may be achieved through a combination of government assistance (and possibly private sector involvement) producing ongoing, long-term cost savings to home owners as well as benefits to the wider community.

A broad range of energy efficient measures are available for incorporation into houses that produce both energy and cost savings to the homeowner once installed. Such measures include proper house design to maximise energy efficiency, thermal insulation, solar hot water heating, rainwater tanks, solar electricity, water efficient taps, etc. The technology for such measures exists and is improving - it would seem simply that current incentives for their widespread adoption are inadequate.

Increasing the uptake of these technologies in homes across the country would provide benefits to the home owner through reduced electricity, gas and water charges (and potentially, selling 'green' electricity back to the grid) and to society through reduced greenhouse gas emissions, and improved markets for environmentally-friendly technology. Furthermore, a combination of the above measures in all dwellings in new developments may provide reduced costs in utility supply infrastructure (e.g. electricity, water, stormwater, road ways, etc) to developments sites that may in turn reduce land purchase prices to consumers.

Numerous methods could be used to increase the adoption of energy efficient measures. These include making the federal government first home buyers scheme contingent upon proper house design and the installation of energy efficient technologies, or increasing the grant for those people that adopt these measures. More radical schemes could include encouraging private sector companies (such as electricity companies wanting to meet greenhouse gas emissions targets) sponsoring or subsidising technology such as solar cells on willing households to provide power for their house and the electricity grid. Government could encourage schemes such as these by measures such as increasing the Mandatory Renewable Energy Target for energy companies from its current 2% to a higher level to drive investment in such areas and facilitate innovative private sector involvement.

Alternately, local, state and federal governments may consider implementing or increasing rebates for these sustainable technologies in recognition of the wider benefits they provide. Most state governments currently provide some rebate for the installation of solar hot water systems in houses. However, despite this rebate, this technology does not appear to have been widely adopted in many areas despite suitable conditions across much of the country. I been informed that hot water production constitutes up to one-third of household electricity bills – therefore the installation a solar hot water system in houses could realistically produce savings to householders of several hundred dollars per annum for many years.

Such measures would effectively reduce the costs associated with home ownership by providing ongoing monetary savings to the householder and to the government and society through reducing greenhouse gas emissions and other improved environmental outcomes, and increased markets and economies of scale for responsible, smart new industries. This would also drive technological improvements.

An example of the integrated nature of such schemes and the numerous benefits that they provide is the Brisbane City Council's rebate to homeowners for the purchase and installation of rainwater tanks. The aim of this scheme is to decrease household water usage (and therefore water charges) whilst also delivering cost savings to council by reducing demand for new water supply dams and reducing the need to upgrade stormwater systems in suburbs becoming more densely developed. This demonstrates the far-reaching benefits provided by properly targeted measures that ultimately reduce the need for costly infrastructure.

In regard to the provision of greater amounts of land on the fringes of cities as has been recommended by some, I would argue that it is prudent for such development to be located along existing public transport corridors or for public transport infrastructure to be properly planned ahead of such developments. The capacity for residents to utilise public transport may increase their savings, particularly if they can avoid having to purchase or use a car.

Whilst individually each of the suggestions outlined above may not present significant cost savings to first homebuyers I believe that a combination of such measures appropriately subsidised by government or the private sector may provide ongoing, long-term cost savings to residents and provide ongoing benefits to the wider community through increased efficiencies and reduced infrastructure costs.

I submit these ideas to your inquiry for consideration.

Yours sincerely,

B. Lawson, Brisbane.