

#### Questions:

What are the key barriers to cost-effective low emission opportunities in the building sector?

What policies could be used to address the low uptake of energy efficiency opportunities, given that many of these opportunities already provide financial benefits for firms and households?

What policies would be appropriate to overcome barriers to low emission opportunities in the building sector, such as split incentives and information gaps?

Are additional policies necessary to address barriers to low emission opportunities in existing buildings?

#### General Response:

The Issue Paper clearly acknowledges in a number of ways that access to technologies is the major factor influencing uptake of more sustainable measures. A number of examples demonstrate that those financially better off are able to make the change and the majority are not.

The point of the provider of rental properties (both public and private) being only interested in capital cost, not running cost is well made.

Recent Government approaches have been to provide financial subsidies to lift the poor to a position where they can afford something. I am convinced that these have been perverse, as exemplified by the first home owner's grants which fuelled a cost explosion and did not really make much difference to capacity of the poor.

Thus, I fear such blunt market instruments. Yes, they provide a free choice, but when housing subsidies have been fuelled by profligate lending policies, the response has been a spiralling footprint as well as cost.

A number of the advocated sustainability measures, eg energy efficient cars and individual photovoltaic power generation have marginal benefits in terms of reconciling the embedded energy, the energy saving and the efficiencies of scale.

Feed in incentive rates (3 or 4 x brown energy cost) may not be a cost effective way of generating green power. As it is currently structured, the subsidies go to those who can afford it and in part as a feel good measure. They might well do the earth more good by reducing their house size!

Behaviour change is a major challenge. We need to move from the lip service to significant commitment.

A number of semi-voluntary programs touch the surface in this regard but lack the resources to make a real difference.

#### Recommendations:

Policies must be focused on needs.

\* The need for Australia is to reduce our resource footprint.

Individually, we still have needs for water, food and shelter etc and thus equitability must be addressed in our transition to a reduced footprint.

My thesis is that equity is more efficiently addressed by focusing on measures that directly reduce the individual's footprint rather than by financial compensation. The role of subsidies in this is debatable in this regard unless carefully targeted.

Thus, to focus on sustainability in housing, ie grants and subsidies to deliver a lower housing foot print:

\* Public housing developments to be subsidised (from a suitable fund) to provide sustainable designs etc.

\* Financial incentives (such as tax write off) to private housing developers be conditional on significant sustainability measures.

\* Existing public and rental properties to be subsidised to provide more efficient housing.

\* Home owner grants be conditional on sustainability outcomes being met.

\* Disband the baby bonus and diver funds into education and sustainability measures.

In relation to behaviour change:

\* programs such as Living Smart in WA, Sustainability Street in Melbourne and SEE-Change in ACT, should be enhanced and expanded through greater funding.

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