T R A N S C R I P T

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Renewable and Affordable Energy for Apartments

Melbourne – Tuesday 24 March 2026

MEMBERS

Juliana Addison – Chair
Martin Cameron – Deputy Chair
Jordan Crugnale
Daniela De Martino
Wayne Farnham
Martha Haylett
David Hodgett

WITNESSES

David McElrea, Chief Advocacy Officer *(via videoconference)*, Smart Energy Council;

Dr Kat Lucas-Healey, Senior Climate and Energy Adviser, Environment Victoria; and

Jeremy Sung, Head, Policy, and

Rob McLeod, Senior Adviser, Policy and Research, Energy Efficiency Council.

The CHAIR: I begin today by acknowledging the Wurundjeri Woi-wurrung people of the Kulin nation, the traditional custodians of the land on which we meet. I pay my respects to their elders past and present and extend that respect to all Aboriginal and Torres Strait Islander people here today. I also want to acknowledge Martha Haylett is coming in from the electorate of Ripon, which is the traditional country of the Dja Dja Wurrung, and pay my respects to the Dja Dja Wurrung as well.

Welcome to this panel hearing for the Legislative Assembly Environment and Planning Committee's Inquiry into Renewable and Affordable Energy for Apartments. All mobile telephones should now be on silent.

All evidence given today is being recorded by Hansard and broadcast live on the Parliament's website. While all evidence taken by the committee is protected by parliamentary privilege, comments repeated outside this hearing, including on social media, may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts and other documents provided to the committee during the hearing will be published on the committee's website.

We will run this session in a question-and-answer format. Committee members will ask some questions. If you wish to answer a question, please raise your hand. To make it easier for the Hansard reporters, please state your name before you start speaking. There may not be an opportunity for everyone to answer every question. If there are any important points you do not have any opportunity to make during this session, you are welcome to provide additional information in writing.

One of our witnesses, David McElrea, is joining via Zoom.

I invite each organisation to make a 2-minute opening statement. This will be followed by questions from members. Who would like to start? Shall we start with you, David?

David McELREA: Thanks, Chair. I am happy to waive my right, given we have got a brief time, just to give the committee a chance to answer questions. My name, though, is David McElrea. I am the Chief Advocacy Officer for the Smart Energy Council. I have put in a written submission, but I am happy to let my colleagues speak and then just take questions from the committee, given the time.

The CHAIR: Terrific. Dr Kat Lucas-Healey, would you like to make a contribution?

Kat LUCAS-HEALEY: Thank you so much. My name is Dr Kat Lucas-Healey. I am the Senior Climate and Energy Adviser at Environment Victoria. Thank you so much for your time this morning. I think this is very important.

Our submission to this inquiry really aims to bring voices of everyday apartment dwellers into it, so we sent out a survey via email. It was a very open-ended survey. We were asking people to come back to us and tell us about what they wanted and what their experiences have been, in their own words. What was really clear is that people are seeking comfortable and affordable apartments through things like rooftop solar, being able to shade their apartment from the sun, having access to efficient electric appliances and really having much greater control over their own energy bills.

I think one of the most interesting things that we found from this is in regard to renters. People are making requests, and they are receiving what feels like an arbitrary no – a very quick response that just says, 'No, we can't do that.' It really does not feel as though people are considering their requests. It might be something quite

reasonable like, say, their gas heater has broken down. It needs to be replaced; they want it replaced with something that will be much, much cheaper to run, and no-one is really entertaining that request.

On the part of owners, what many people are finding is that their ideas and requests are not being taken seriously by owners corporations. So once again they are receiving that quick no or reasons why they cannot do it. People are not really engaging with the problem. I would say that owners corporation committees and managers do not necessarily know how to deal with those kinds of requests, and there were lots of other examples within that.

The point that I would like to get across is that the problem is not just technical and economic, it is about culture. We are not really used to living in apartments en masse in Australia yet, so it is about culture and it is about the rules that underpin that, particularly in the *Owners Corporations Act*.

The other thing I want to press is that there are solutions to this, and it would be great for the inquiry to look at those as well. I will leave it leave and pass to Jeremy.

The CHAIR: Terrific – a great way to kick off. Jeremy, hello.

Jeremy SUNG: Hi, how are you going. Thank you, Chair and committee, for having us today. I am Jeremy Sung, Head of Policy at the Energy Efficiency Council. We are Australia's peak body for energy management. Our members span technology providers, energy services companies, banks and finance organisations, research organisations and NGOs, and we are all committed to harnessing options on the demand side of the energy system to provide a cost-effective equitable transition to net zero. It is timely that this committee is focusing on affordable energy as well as renewable energy, given the crisis that we are seeing globally. There is a common saying amongst the energy-efficiency community, and that is that 'The most affordable energy is the energy you don't use.' So we strongly believe that you should optimise your energy use before you look at supply side solutions.

When you look at apartments in Victoria, the 12% of Victorians that live in apartments, it is clear that a lot of them are being left behind in the transition and are not able to access some of the most cost-effective, energy-efficient options we know that exist, for example, improving the thermal performance of their dwellings or getting off gas and getting onto cheap renewable electricity. So that is a problem for us, and we have identified in the submission a few key structural barriers. First of all, there is strata law, and specifically the 75% special resolution requirement is posing a big barrier. It is making even simple sustainability upgrades extremely difficult to get through. Then there is the technical complexity and cost. I mean, this is stuff you will know, but retrofitting shared services like central gas boilers often requires removal of existing infrastructure; structural changes to the building if you need to get big, bulky equipment in; rewiring, and that can be costly and difficult, potentially when you are going to disrupt people who are living in the premises at the time. And then of course, unlike standalone buildings, there is a limited potential for rooftop solar, which means that electrification, efficiency and storage become even more important. If you can optimise your demand, then you can get more out of what limited solar you are able to put on the building.

The good news is that these technologies are readily available. They have been proven. They are cost-effective. Efficient electric heat pumps, for example, for space and water heating, are available now. And there are some exciting new technologies as well just around the corner, like battery-assisted induction stoves, which promise to solve that issue where a lot of apartment dwellers cannot install induction because of the limited electricity capacity in the building or to their particular unit. So some of these newer technologies that are coming out in places like the US could be really, really interesting for apartment dwellers in Victoria. But they are nascent, things like the battery-backed induction stoves, and they are going to need policy support.

We recommend in our submission five key reforms, three of them that I will quickly touch on. We need to reform the owners corporation voting rules, following the New South Wales model so that sustainability upgrades can proceed as normal operating decisions. We need to provide owners corps with access to energy assessments and ratings and help them pay for the up-front costs – sometimes, with these expensive feasibility studies, getting a NABERS rating for the base building, etc. And then we would need to strengthen the Victorian energy upgrades program, and that includes apartment-specific activities. Often with the VEU, some of the activities for apartments are lumped together with commercial buildings, and they are quite different. They are also quite different from standalone buildings, so they need their own specific activities to be designed. We need to support people via the VEU with the up-front cost of building works that might support

efficient electrification, like wiring upgrades or switchboard upgrades as well. I do not think there is an activity for that sort of stuff in the VEU at the moment. Also we need to make sure people know that the VEU exists, and you can do that by partnering with local governments, potentially the SEC, and others to increase the lead generation into the scheme. So those are our recommendations, and my colleague Rob McLeod, who joins me here on my left, can provide further information on any of those points and other things in our submission. Thanks again for having us.

The CHAIR: Excellent. I am just going to go back to David to see if he does want to jump in and respond to any of that, or you are all good?

David McELREA: No. We share, pretty clearly, most views with my colleagues. I am conscious that we have only got 20 minutes left, so I really do want to give the committee the time to ask questions.

The CHAIR: Deputy Chair, Martin, would you like to kick off the questions?

Martin CAMERON: Yes. Thank you, everybody, for coming along today. Martin Cameron, Member for Morwell, down in the Latrobe Valley. We talk about the SEC, and the heart of the SEC is down there with power generation. One of one of the questions that I do have – and I open it up to the panel – is the age demographic of some of the buildings that are going to have to be retrofitted. Is there an age cut-off where it is virtually going to be impossible or are you envisaging that for every single type of dwelling that we are going to be looking at, in high rise, that it is going to be able to be done? Or are there some roadblocks with the structures and, as we spoke about with the wiring and everything like that, is it just going to be too big a task to achieve, getting affordable and renewable energy into some of these buildings? Jeremy, maybe you?

Jeremy SUNG: I am happy to start, and if anyone else wants to join in –

Martin CAMERON: Thank you.

Jeremy SUNG: It is a tough one to answer because buildings need to be judged on a case-by-case basis, and in some situations there may be a case for knock down and rebuild. But I would say for the vast majority of buildings retrofitting is possible. We had our colleague out here from Europe, Adrian Joyce. He heads something called Efficient Buildings Europe, and he told us stories about the buildings there that are hundreds of years old and are being retrofitted successfully with heat pumps functioning to heat the space. So it is definitely possible, it is definitely technically feasible. There are lots of countries that have much more medium- and high-density living than Australia as well. They have been doing it for years with older apartment stock. But it really does come down to the specifics of that building. There could be some situation where before the code was as developed as it is some "interesting", let us say, construction was done, and perhaps in certain situations it will not be safe and you will have to think about other options. But yes, I think in the vast majority of cases retrofitting is possible.

Rob McLEOD: I would echo that and note that while there may be some buildings where a complete retrofit of centralised services et cetera or the centralised systems and key equipment can be challenging, there is no doubt, there are also a lot of cases where it might be an older building but there would still be some lower hanging fruit that would be available to residents. That might be simple things like shading, or it might be replacement of some of the standalone appliances that would make sense for the life of the building. But as Jeremy says, it depends on the building – it is building by building.

The CHAIR: I will go to Kat, and then I will go to David. Kat.

Kat LUCAS-HEALEY: I would note that the issue of embedded networks, which create a large barrier to change, can tend to be more of an issue in newer buildings where those have been put in place. Personally, I live in a walk-up complex that was built around 1970, and our barriers are not that great because we do not have these really centralised services; our wiring is quite allowable. It is more the kind of cultural barriers that we have encountered. But I would note that as with a lot of these buildings and the owner-occupiers, we have a lot of single women. This is the only and probably last asset they will ever own, and they are looking to retire in that and have somewhere to live where they are not going to have that rug pulled out from under them, so I think it is very important.

The CHAIR: David.

David McELREA: Just to echo my colleagues again, I think it very much would be the exception and a rare exception. Obviously sometimes maybe it is or there might even be a heritage issue so you could not install solar panels. It would be extremely rare that you could not find a technological solution for what is now very well-established technology that is prevalent around the world – and originated in Australia, let us not forget; we should be extremely proud of that. It would very much be the exception. Then there are technological solutions too that enable you to share that in a unit or aged care facility or social housing where you have combined living, where you can then also split that to individual apartments so that individual dwellings can get the benefit for their dwelling, so it does not go to things like strata reduction, so people can see a saving on their bill. So there are plenty of solutions to those problems. That should not prevent action.

The CHAIR: Martha, can we jump to you for a question.

Martha HAYLETT: This is probably one for you, Kat, at Environment Victoria. I am just very interested in how we incentivise owners corporations. I can see here that you are recommending establishment of a strata commissioner and you are interested in the definition of 'sustainability initiatives' in the *Owners Corporation Act 2006* to be amended. Can you just touch on those points a little bit more about how we actually get owners corps to come to the table and be interested in these upgrades?

Kat LUCAS-HEALEY: I think that we have to start from the point that there are lots of people that are trying to do things and they need support. Owners corp committees are volunteer work. I think what has been done in New South Wales is a good example to follow, because part of it is appointing a strata commissioner, because it really shows that there is a focus and that the state feels that this is worthy of that focus and that it is important – and, within New South Wales as well, having a strata hub so you know where to go. If someone is contemplating joining their owners corporation, that is quite an intimidating prospect for a lot of people. What happens is people just start turning up to meetings, and if the first one does not put them off, they might start turning up, and then they might put their hand up to be a committee member after a year or two or stuff like that. I think that there can be much better onboarding and support for people who have never actually participated in community governance before. When it comes to sustainability items, I think it is really raising the importance of sustainability, as well as things like building maintenance, keeping the building standing, and making sure that there is some consideration of sustainability in things that would lower people's bills. That is a part of that AGM process and decision-making. Governance skills come through practice, and so it is really just raising that standard, not so much putting more work onto owners corps but really supporting them.

The CHAIR: Does anyone else want to add to that?

Rob McLEOD: I completely echo what Kat says there. Another element of the New South Wales model is that owners corps or the AGMs are required to discuss sustainability upgrades and the energy and water bills of the unit. I think one of the underlying logics is to make sure that the friction in these things is minimised so that there are as few choke points as possible for a decision to be made. So it is not requiring one person to take on a herculean task of raising it over and over again and getting to that 75%, it is more making sure that the conversation happens and making sure that the pathway is as easy as possible. I would say, to go beyond what New South Wales does, making sure that owners corps have information and have access to a subsidised or free assessment, for example, for buildings, would mean that you have to raise it, you get access to that supported assessment of your building, you understand what a recommended pathway for action would be and then the decision just becomes a lot easier and is not dependent on someone really, really pushing that barrow. So I think minimising that friction is a really important principle there.

The CHAIR: Thank you, Rob. David.

David McELREA: Very quickly, I support everything that was just said. It just feels like this is, for your committee, the lowest of low-hanging fruit, really, these reforms. They have been trialled in a very similar jurisdiction successfully. Why not push them a bit further in the way that has just been suggested? This feels like stuff whose time has come, and regulations just need to catch up with reality.

The CHAIR: Wayne, did you have a question?

Wayne FARNHAM: Thank you. My name is Wayne Farnham. I am the Member for Narracan. I am Marty Cameron's next-door neighbour. One question I have got, and it has always played on my mind a little bit, is: has anyone done modelling around the state? When we talk about transferring to renewables and a bit of a

phase-out of gas, has anyone done the modelling around the actual supply within the street? In my ex-life I was a builder; it was my previous life, and I know if you have only got a two-phase converter in a street, there is only so much you can do. Has there been any modelling done at all around that specific topic of upgrading two-phase to three-phase converters throughout Victoria? Has anything been done?

Jeremy SUNG: This is an interesting question: 'Has anything been done at that street level?' I would say undoubtedly the distribution networks have done their own modelling of their own networks. Is that published? No, as far as I am aware.

Wayne FARNHAM: I suppose the reason I lean into this is because we have Yallourn shutting down in 2028, so we are going to have a reduction in coal baseload power as far as that goes. My concern is around: is there enough renewable source to take up that gap that will happen when Yallourn shuts down? That is why I am leaning into this question.

Jeremy SUNG: I think the first thing to point out – and this is what I come back to in my opening statement – is that we think there is a huge amount of opportunity to manage energy demand better, such that even with a large power station shutting down, our impact on electrification will not be anywhere near as large as it would be had we not managed our demand first. So that is why energy efficiency first for us is a key principle, because if you can manage the way that you use it, then when you do electrify that end use from gas to electricity the impact will not be anywhere near as large. From some modelling that we have done at a system-wide level I think it is about 9 terawatt hours of reduction. We think that energy efficiency will have a massive reduction on the increased demand from electrification, and that is why efficiency with electrification is the way to do it – so that we can manage that transition and ensure that the renewables that do come online are able to service that demand.

Wayne FARNHAM: But even with efficiency – let us say we take gas out of the equation and we go to more efficient types of appliances – there is still that extra load on the system. What I am curious about is: do we need to upgrade through Victoria 2000 two-phase converters to 3000 three-phase converters, because you are still going to have that additional load, even with the energy-efficient appliances. I am really curious. Has anyone done any modelling around that particular issue?

Jeremy SUNG: Just to be clear, in many cases you will not need three-phase power either – this is a bit of a misnomer that goes around.

Wayne FARNHAM: Sure.

Jeremy SUNG: We definitely do not for many households. But yes, I would say that when it comes down to the individual households – when you do a modelling exercise it is kind of like a map, right? You cannot be putting every single house on the map and saying 'This is exactly what this household has' – yet. Maybe in the future with AI we will be able to get there, but we do not have modelling that goes down to that level of granularity which says, 'We're going to have 20 households on this street,' unless you are maybe the distribution network that has that sort of more granular idea. I think we are going to get there, and we are hoping, with some of the national-level initiatives to improve data and modelling, that getting some of the data from distribution networks will improve our understanding of things at that level. We are not there yet, that is for sure. Kat, you have got your hand up.

The CHAIR: And David has got his hand up. We will go to David and then Kat. David looks eager to jump in. Yes, David.

David McELREA: I mean, the answer is in this committee. Every household can become both a generator and a storage facility, right? That is how you deal with the closure of increasingly intermittent energy from coal-fired power plants, which are shutting down and are unreliable and expensive. The answer is the cheapest, cleanest form of energy available to households – with storage, so you can get home and, when you have the demand, which is generally at the end of the day, use from the storage energy you have generated in the day. This is why your inquiry is important. The answer is to spread that to as many households as possible so that you are able to take advantage of that directly, if you are a renter or live in an apartment. In the battery rollout that has occurred under the federal program, which is now 300,000 batteries installed in about eight months, you are already seeing that duck curve flatten because people are using from their storage at the end of the day.

That is happening as we speak. That is why I really support the direction of this inquiry. Let us have as many people access that as possible.

The CHAIR: Can I just say I had my sit-down yesterday to get my battery at home, so I am feeling very excited about batteries as well. Kat.

Kat LUCAS-HEALEY: I would just like to add that part of the problem – without wanting to expand the scope of the inquiry infinitely – is that the distribution networks, like Jeremy said, have access to data that is not really made available to anyone else, so there is a transparency issue. There is also an issue of customer focus on the part of those networks. As a builder, you would know they are a pain to work with, Wayne.

Wayne FARNHAM: I would never say that, Kat.

Kat LUCAS-HEALEY: I know that you will hear from people that live in some flats in North Melbourne later on today that have direct experience with this. You can put a question to a distributor, and sometimes you do not even get a reply. There are technologies that are available today that distribution networks can implement: things like dynamic connections, which means the grid is monitoring what is happening in real time and able to moderate the connection to different premises according to what is available at the time, because we have to remember that these networks have already gone through a phase of gold plating in decades past when everyone was installing air conditioning, and they are built to service a very high peak that is a minuscule amount of time. So there is heaps of capacity there that is not being used. But the networks are also sort of incentivised to increase their asset base, and there need to be rules – which is probably out of the scope of this inquiry – to make better utilisation of the assets that are already there, and I would say the scope for that is vast.

The CHAIR: Excellent. Jordan.

Jordan CRUGNALE: Thanks, Juliana. Thanks everyone for being here. You said earlier around apartment-specific activities that they are currently lumped in commercial buildings and need standalone. What are some of those examples of standalone activities?

Jeremy SUNG: One of the example activities under the VEU is activity 44, which does not tell you much from the name, but it is about replacing gas-fired water heaters – boilers – with electric heat pumps. That is essentially an activity that can be done in commercial buildings or apartments, but because they are quite different contexts it needs a bit of nuance around the activity so that there are specific requirements for doing that activity in apartments versus doing it in a commercial building setting. And of course there will be some grey areas where you have got a mixed-use building, with some people living above a commercial premises at the bottom, so that is going to be something to consider. But the policy design does need a bit of tweaking, because as far as we are concerned there are material differences in particularly some of the social sides of things and the governance of an apartment block that are quite different from the decision-making when it comes to a commercial building with a single owner that mean that it is worth considering an activity or multiple activities for apartments that have special requirements around the installation of the equipment that can navigate some of these complexities in the way that apartments are governed.

Jordan CRUGNALE: Can I also ask a random question?

The CHAIR: Of course you can.

Jordan CRUGNALE: Well, not random, but you know, what comes up on my feed a lot are these solar things that you put on your balcony that are happening in Europe. Are we looking at something like that for apartments?

Jeremy SUNG: David, do you want to weigh in on solar?

Jordan CRUGNALE: Is that what they are?

David McELREA: I just could not quite hear the question, because you moved away from the microphone a bit, sorry.

Jordan CRUGNALE: Just around solar panels on balconies of apartments.

David McELREA: Look, that is a really good question. It is something we would certainly encourage, because often there are rules preventing you from doing that. We should I think enable solar but, you know, it is not going to work for every building. And again, that could be, as I said, low-hanging fruit, right? Like, it could be a matter for stratas to say, 'Well, we want it in our building.' But definitely that is the sort of solution I think that would share solar more fairly to apartment dwellers. And likewise little batteries – ideally you have enough solar going in the system, and under the federal government's solar share arrangement you will get three free hours a day, right? So someone can have a battery that turns on at that time and sucks three free hours out, and they do not even need solar then, right? They can just get it through the system. So I think there are all sorts of ways that people then can access it, and freeing up the constraints to allow people to innovate to pursue solutions I think is part of that solution.

Jordan CRUGNALE: Would there be any technical and safety requirements to facilitate that? There are not, according to my Facebook feeds.

David McELREA: No. I think it is largely regulatory, because it tends to happen in Europe, so I do not think there is a particular safety issue. It is just regulatory.

Jordan CRUGNALE: Okay. Thank you.

The CHAIR: Daniela.

Daniela DE MARTINO: Hello, everyone. Thank you very much for coming in or being online. I am Daniela, I am the Member for Monbulk, which covers the Dandenong Ranges. We do not have many apartments there at all – we have got a very, very limited number, but there are a few down in the Ferntree Gully area. I am curious to know what the energy industry's appetite is for adapting to apartments, as opposed to detached housing, because obviously detached housing is by far the norm across our country. Are you noticing a desire for them to move more towards apartment building, especially now that we are looking at densifying our cities a bit more, or are we still lagging in terms of the industry overall?

Jeremy SUNG: I am happy to start. I think from our members' perspectives – we represent a lot of the companies that do assessments and installations of energy-efficient electric products and services – there is actually an advantage to apartment buildings because when it comes to, say, using the VEU to help subsidise the up-front cost of equipment, you have got a number of households all gathered in one place. If you are a company that is looking for leads and trying to find where you should go next with your products, it kind of makes sense that you would go to the manager of an apartment block where you might have hundreds of apartments that you could potentially upgrade in one hit, versus going door by door. In fact doorknocking is now banned under the VEU, but the fact is that finding those leads can be quite difficult and time intensive.

I think there is a huge opportunity here with apartments, where product installers can go out, potentially contact the owners corp or the management company that manages the strata directly in a business-to-business relationship, and propose upgrades to the owners corporation or the facilities manager. That could be a much faster way of getting a whole lot of upgrades done through one conversation than having to go door by door to standalone homes. From my perspective, there is a real opportunity with apartments, notwithstanding some of the challenges we have already talked about. But just from that business lead perspective, it could be a really fertile ground.

Kat LUCAS-HEALEY: That rang true – sorry, I know that you have got your hand up, Dave. That rang true in our survey as well – with lighting upgrades, that seemed to run very smoothly through the VEU because you do not have that problem of not being taken seriously.

The CHAIR: Excellent. And David is going to round us out.

David McELREA: Really quick, because I know we are out of time – the short answer is yes. There are definitely a whole lot of companies out there very eager to provide that service. I think if some regulatory changes could be made to enable that, there would be no shortage of willing participants. There are companies that specialise in this sector, so I think the sector stands ready to supply solar and/or batteries and would be very eager to. I think it would be good for equity, it would lower power bills and it would help combat dangerous climate change, so it would be win-win.

The CHAIR: Thank you. What a great way to start our inquiry today. I want to say thank you very much to David, Kat, Jeremy and Rob for being here today, but also for the submissions that you have put in. We recognise the amount of resources it takes to put in a submission, so we really appreciate that. If there are any important points that you still wish to make, or we have opened an area that you would like to contribute to, you are welcome to provide additional information to the committee in writing. I say thank you for that. You will get a copy of your proof to have a look through, and I look forward to at the end of our inquiry, once it has been tabled, sharing our reports with you. Thank you very much. We will now end the broadcast.

Witnesses withdrew.