

PRE-BUDGET SUBMISSION 2026-27

30 January 2026



About us

The Energy Efficiency Council is the peak body for Australia's energy management sector.

We are a membership association for businesses, universities, governments, and NGOs that have come together to ensure Australia harnesses the power of efficiency, electrification, and demand management to deliver a prosperous, equitable, net zero Australia with:



Summary

- Productivity improvements have been identified by the Australian Treasurer as the greatest opportunity for economic growth. The Energy Efficiency Council agrees. And with energy competitiveness key to economic prosperity and growth, the 2026-27 Federal Budget represents an opportunity to place energy productivity at the centre of its agenda.
- There are major opportunities for boosting energy performance across the economy, that will improve the wellbeing of Australian households, increase the productivity of businesses, and deliver a more efficient energy transition:
 1. Accelerating the upgrading of Australian housing stock to efficient, electric homes
 2. Catalysing energy performance upgrades in business and industry
 3. Boosting the flexibility and responsiveness of energy demand, to lower energy costs for households and businesses while reducing strain on the energy system
- Our 2026-27 Pre-Budget Submission proposes the following headline investments to seize these energy productivity enhancement opportunities:
 1. \$12 million to establish a National Retrofit Partnership (p.10)
 2. \$72 million to accelerate the implementation of a residential mandatory energy performance disclosure scheme (p.11)
 3. \$650 million for a Business Energy Performance Accelerator Fund (p.14)

Overarching recommendations:

Building capacity to deliver on
energy productivity opportunities

Capacity building: Policy & program delivery

1 Investing in the policy capability to deliver on energy performance opportunities

- Australia's most recent emissions projects (released in November 2025) show that existing policy settings are insufficient to drive the emissions reductions required to meet Australia's new 2035 target of -62-70% over 2005 levels.
- The Department of Climate Change, Energy, Environment and Water, working with the Australian Treasury and other relevant departments will need to invest significant time and resources to develop the suite of policies that can enable Australia to meet its international commitments in an economically efficient manner.
- Treasury modelling to inform the 2035 emissions reduction target and sector plans highlights the important role of improving energy performance, across all sectors of the economy.
- Given the critical role that demand-side actions will need to play in reaching our 2035 emissions reduction target, expanded capacity will be required for policy development and program delivery. This should cover, among other areas, funding to continue the delivery of the National Energy Performance Strategy, whose funding is due to sunset on 30 June 2026.
- The EEC recommends that the existing budget allocation of \$10-13 million for policy resourcing, due to expire this financial year, should be boosted to **\$25 million over the four years from 1 July 2026**.

Capacity building: clean energy workforce

2 Produce a National Energy Workforce Strategy and develop the workforce for improving energy performance

Australia's transition to a renewable energy system, net zero economy and resilient efficient electrified buildings will depend on the efforts of skilled professionals and tradespeople that make up an appropriately sized and trained workforce.

Consistent with recommendation 1.3.2 of the National Energy Performance Strategy which commits to the development of a National Energy Workforce Strategy, Australia must plan for the development of key technical, digital, and transferable skills that are required to decarbonise across all sectors of the economy in critical professions and trades.

A new National Energy Workforce strategy and supporting package should deliver:

- Increased capacity and capability across traditional and evolving technologies;
- Upskilling in digital capabilities and transferable skills, including effective engagement;
- Durable workforce diversity, equity, and inclusion by default, particularly for women and First Nations peoples;
- Increased investment in education, training, qualification, and certification in fields of critical skills needs; and
- Investment in fit-for-purpose workforce data, including through accurate skills and occupational classifications and robust baseline jobs and market sizing data, starting with a comprehensive Australian Energy Employment Report.

Capacity building: Research, development and innovation

3 Invest in stimulating innovation in Australia through an integrated RD&I initiative

Australia's research and innovation ecosystem has a significant role to play to help businesses, households and governments decarbonise their energy use and operations. As Australia's RD&I efforts – at 1.68% of GDP – lag our international competitors, we run the risk of not undertaking the necessary RD&I to meet our energy transition needs.

Research efforts are often overly focused on technologies to decarbonise energy supply, without regard for the role that demand-side measures such as energy efficiency, electrification and demand flexibility can play in reducing emissions rapidly and inexpensively. Research efforts also tend to have a technology focus.

Australia could benefit from a more holistic approach which helps to build our knowledge to design and deliver new processes, markets, and policies that cater to energy users' circumstances and behaviours.

Government should give detailed consideration to the recommendations made in the [Energy Research, Development and Innovation](#) paper, which include:

- **Increase Australia's energy RD&I investment by \$1 billion** over the next decade;
- Establish a dedicated energy RD&I centre to foster collaboration across universities, governments, and industries;
- Take a holistic, integrated approach to energy systems, addressing both supply and demand;
- Focus on accelerating clean energy transitions through coordinated RD&I efforts.

Efficient electric homes

Efficient electric homes - Overview

- Every Australian deserves to live in a home that's healthy, comfortable and affordable to run – and powered by renewable energy. But the reality is that millions of homes across Australia are still inefficient, expensive to run and unprepared for a changing climate.
- Based on the CSIRO's Australian Housing Dataset, we estimate that around seven million homes rate less than two stars on the Nationwide House Energy Rating Scheme, indicating a poorly performing home that requires substantial amounts of energy to heat and cool.
- We need a large-scale, long-term, national effort to upgrade our existing housing stock over the next 25 years into energy efficient, electrified and climate resilient homes through a range of improvement measures such as insulation and draughtproofing and upgrades to efficient electric appliances.
- The task is unprecedented in scale, and demands a co-ordinated effort across states and territories to develop the enabling measures and support the wide-scale deployment of home retrofits.
- At the core of our proposed Efficient Electric Homes package, we propose a larger role for the Commonwealth Government, working closely with states and territories, in **the establishment of a long-term National Retrofit Partnership**, to significantly raise the energy efficiency of millions of Australian homes.
- This effort will need to be supported by the **accelerated delivery of the Mandatory Energy Performance Disclosure Scheme for homes** to complement the commercial building disclosure scheme that has been in place for many years, and the **continued tightening of the National Construction Code** to align with Australia's net zero commitments.

Efficient electric homes - Initiatives

1 National Retrofit Partnership

Raising the energy performance of our existing homes is a national infrastructure task that requires a coordinated approach. Homes are not short-lived consumer goods – they generally last for decades and have dozens of occupants over their lifespan. We cannot upgrade this important national infrastructure by leaving it to individual households to navigate complex processes without an effective retrofit industry. We need to a long-term approach that brings together governments, industry, and communities.

The Commonwealth Government should allocate **\$12 million per year to a National Retrofit Partnership to establishing an interjurisdictional taskforce or agency** between the federal, state and territory governments, to support the retrofitting of millions of homes – the scale necessary to plan, co-ordinate, promote and support a nationwide residential retrofitting effort that can deliver a step change in the energy performance of Australian homes. This Partnership can be a ‘coalition of the willing’ in the first instance, with those jurisdictions that wish to be part of the closer co-operative effort signing up to take part.

Key roles of this Partnership would be:

1. **Delivering incentives for energy efficiency and electrification improvements.**
2. **Providing/co-ordinating low-cost financing options** for efficient electrification investments by households and small businesses.
3. **Extending funding of the Social Housing Energy Performance Initiative** to enable it to finish the job, with the goal of delivering comprehensive insulation retrofits to all social housing Australia-wide by 2030. We note that the \$800 million allocated to this task to date is expected to support upgrades of a quarter of Australia’s social housing assets. This indicates that completing the job could require in excess of a further \$2 billion. A long-term recurring funding commitment will enable the retrofit industry to build capacity, scale and productivity improvements.
4. **Becoming a trusted one-stop shop for consumer information on making the shift to efficient electric homes.**

Efficient electric homes - Initiatives

2 Accelerating the implementation of a mandatory energy performance disclosure scheme for homes

Federal, state and territory energy ministers have agreed to a *Trajectory for Low Energy Buildings*, which sets out market reforms to address barriers to more efficient homes. Progress on the trajectory has been slow due to a lack of government leadership and funding.

By 2028:

1. A consistent national home energy rating tool should be available nation-wide
2. All jurisdictions should require disclosure of energy performance at point of sale, and
3. Rental homes should meet minimum energy performance standards.

Given that every year of delay represents lost opportunities in energy savings, there is a compelling rationale for the Federal Government providing support to state governments to expedite delivery of the disclosure schemes. It could do this by providing time-bound financial support for scheme implementation, that could incentivise action. The EEC recommends providing **\$70 million over 2 years** (limited to \$10 million per jurisdiction), to cover the implementation costs for seven states and territories without a mandatory disclosure regime in place. An additional **\$2 million** should be provided as 'transitional assistance' to help Residential Efficiency Scorecard assessors transition to the NatHERS assessment regime.

Commonwealth funding support should also be adequate to support the continued updates and strengthening of the National Construction Code (every three years), with the ambition of making new buildings climate resilient, net zero compatible, cheap to run, and competitive with international standards. Every effort should be made to prevent piecemeal implementation of the NCC across states and territories, as Australians should have access to housing of a consistently high quality, no matter what jurisdiction they reside in.

Productive Net Zero Businesses

Productive net zero businesses - Overview

- To date, policy for boosting the energy performance of Australia's businesses has concentrated on a limited subset of commercial buildings, and on our most emissions-intensive economic activities. Businesses that fall outside of these sectors make up a large part of our economy, but often don't have the information, drivers or support they need to chart a course to a net zero economy.
- Over the last 15 years, Australian offices rated using the National Australian Built Environment Rating System (NABERS) have benefitted from average energy savings of 42% and have reduced greenhouse gas emissions intensity by 53%. This is one of the fastest widescale building transformations recorded anywhere in the world. This is world leading success for Australia, but many more opportunities to expand on this success have been left sitting on the table for too long.
- For industry, owing to our historical access to cheap energy, Australia has not traditionally had a strong culture of energy management. In fact, Australia's performance in industrial energy efficiency was ranked last of all developed countries surveyed in the American Council for an Energy Efficient Economy's most recent scorecard, with Asia-Pacific competitors India, Thailand and Indonesia eclipsing Australia's performance by a significant margin. This signals that there is much more to do in this important space.
- In 2024, 73% of global GHG emissions targets were formalised into legislation or official net zero policy, putting Australia in a 'race to the top.' There is a strong case for Australian businesses to engage with emissions reduction, to ensure they are effectively managing the risks and capturing the opportunities of the transition. Net zero, industrial competitiveness and energy security can all be advanced by helping more industrial businesses seize the opportunities to manage energy better, including through efficiency improvements, time shifting, and fuel switching including electrification.

Productive net zero businesses – Initiatives

1 Business Energy Performance Accelerator Fund

The EEC recommends expanding support for energy performance upgrades for businesses that fall below the Safeguard Mechanism threshold, ensuring that small and medium energy intensive businesses can better manage their energy costs and thrive in a net zero economy.

Energy management can significantly reduce operating costs for industry, but many businesses – particularly smaller businesses, without a dedicated energy and carbon manager – lack the data and expertise to manage their energy usage. The EEC recommends deployment of a comprehensive package of financial incentives to improve business energy productivity. The package should consist of assistance for businesses to:

- Install energy metering, sub-metering and monitoring infrastructure;
- Access energy coaching and advisory services;
- Implement an Energy Management System (EnMS); and
- Upgrade and optimise equipment and processes where the EnMS identifies cost-effective upgrades.

The EEC recommends providing 2 tranches of funding for a “Business Energy Performance Accelerator Fund”. Tranche 1 of **\$150 million** for grants would help cover the cost of identifying energy performance opportunities (e.g. through metering and energy audits). Tranche 2 would provide a further **\$500 million** in the form of co-funded grants for equipment and process upgrades identified via tranche 1.

Funding for these incentives could be provided under existing mechanisms such as the Powering the Regions Fund, the National Reconstruction Fund, or the Net Zero Fund.

Optimised energy systems

Optimised energy systems - Overview

- As Australia progresses towards an energy system with high levels of renewable energy, the value of managing our energy use is increasing significantly. Prioritising measures on the *demand-side* of our energy system presents an unparalleled opportunity to deliver substantial bill savings for households and businesses, reduce energy system costs, improve health and productivity, and accelerate an equitable energy transition.
- The EEC's report, [Clean Energy, Clean Demand](#), highlights how the timing, location, and volume of energy use are increasingly influencing both financial and non-financial outcomes for energy users. For example, in the middle of a sunny day when solar PV production is high, electricity supply is abundant and cheap. In contrast, energy prices spike between 6 and 9PM, as solar PV production goes down and household energy use increases. The inflexibility of energy use during peak demand periods can significantly increase costs for individual users and impose additional costs on the entire energy system.
- By focusing on adapting how, when, and where energy is used, demand-side measures can lower energy costs for households and businesses while reducing strain on the energy system. Flexible energy use and energy efficiency improvements can reduce reliance on expensive infrastructure and deliver widespread cost savings.
- For Australian businesses, demand-side measures enhance competitiveness and productivity by reducing operating costs and improving workplace environments. Businesses that invest in energy efficient practices and technologies can better manage their energy costs, freeing up resources for growth and innovation.
- Lastly, demand-side strategies can support Australia's transition to a zero-emissions energy system by reducing the need for costly infrastructure to replace high emissions energy sources. Improved energy performance decreases the amount of new generation and storage capacity.
- Unlocking the full potential of the demand side of the energy system is essential for achieving an energy transition that is affordable, rapid, and beneficial for all Australians.

Optimised energy systems - Initiatives

1 Policy design for an extended and expanded SRES

The Small-scale Renewable Energy Scheme (SRES) has been one of Australia's most effective and durable energy policy mechanisms, underpinning large-scale uptake of rooftop solar and other consumer energy resources such as heat pump hot water systems. Rather than let the policy lapse in 2030 (as currently designed) there is an opportunity to leverage the existing policy architecture to better serve today's energy system by:

- extending the scheme to 2050 to provide the certainty needed to help Australia achieve its 2050 net zero target and interim target of 62-70% below 2005 level by 2035;
- redefining its objective for 2030–2050 to focus on energy system optimisation;
- expanding eligibility to additional technologies (particularly for electrification and demand flexibility); and
- ensuring equitable access and outcomes.

Designing a scheme with these features will require detailed policy work to understand the trade-offs involved with several policy decisions. The EEC recommends the Commonwealth Government allocate **\$0.6 million** for DCCEEW to undertake analysis to underpin the design of a post-2030 SRES.

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