

Finance for decarbonising the \$10tn housing stock



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9:30AM AEST

FEATURED SPEAKER

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Capital acceleration and systems change are driving the decarbonisation of Australia's \$10tn housing stock



Finance

Public: Household Energy Upgrades Fund

- \$1bn to be delivered by CEFC for retrofits – driving mass market demand, crowding in private finance, and building capacity of banks
- \$300m for social housing energy performance upgrades

Private

Focus of this presentation

- Big banks' combined 80% mortgage market share
- Non-bank lenders – e.g. Brighte



Policy

- Treasury's Sovereign Green Bond Framework – first issuance mid-2024
- Sustainable Finance Taxonomy – ASFI and CBI developing, due late 2024
- Climate Change Authority's sector pathways – due October 2024
- Residential Energy Efficiency Disclosure Information initiative – ratings at point of sale and leave
- Grid decarbonisation commitments – 82% renewable energy, 43% emissions reduction, Capacity Investment Scheme



Ecosystem

Technological innovation

- CSIRO RapidRate – AI-driven home energy rating tool

Behavioural incentives

- Energy efficient buildings fetch a premium of up to \$125,000 for houses and \$72,750 for units
- GBCA Green Star Ratings creates transparency on home energy performance
- Drive green loan demand – banks' in box seat to drive product promotion and innovation

With 80% mortgage market share, Australia's big banks are the main entry point to stimulating private finance

	CBA	WBC	NAB	ANZ	MQG
Mortgage market share	25%	21%	15%	13%	5%
2030 sector target	60% emissions intensity reduction	56% emissions intensity reduction	Not yet established	Not yet established	Forthcoming in May 2024
Green loan products	<ul style="list-style-type: none"> Green Home Offer (for 7-Star rated homes) Green Loan Personal Loan 	<ul style="list-style-type: none"> Green Home Loan Personal Loan for solar and battery 	<ul style="list-style-type: none"> Personal loan for energy efficiency Business finance for green equipment 	<ul style="list-style-type: none"> Business Green Loan 	<ul style="list-style-type: none"> Electric Car Loan
Green home asset financing	<ul style="list-style-type: none"> \$19.5bn in FY20-FY21 \$7.6bn FY23 	<ul style="list-style-type: none"> Not measured Will be measured from FY24 in WBC's Sustainable Finance Framework 	<ul style="list-style-type: none"> \$5.5bn in FY22 	<ul style="list-style-type: none"> Not disclosed (commercial builds only) 	<ul style="list-style-type: none"> Not disclosed
Asset definition	<ul style="list-style-type: none"> 6-Star NatHERS rating 7-Star as it is rolled out nationally 	<ul style="list-style-type: none"> 7-Star NatHERS rating Incl. construction, acquisition, refurb. 	<ul style="list-style-type: none"> 6-Star NatHERS in FY22 7-Star NatHERS rating from FY24 	N/A	N/A

Insights

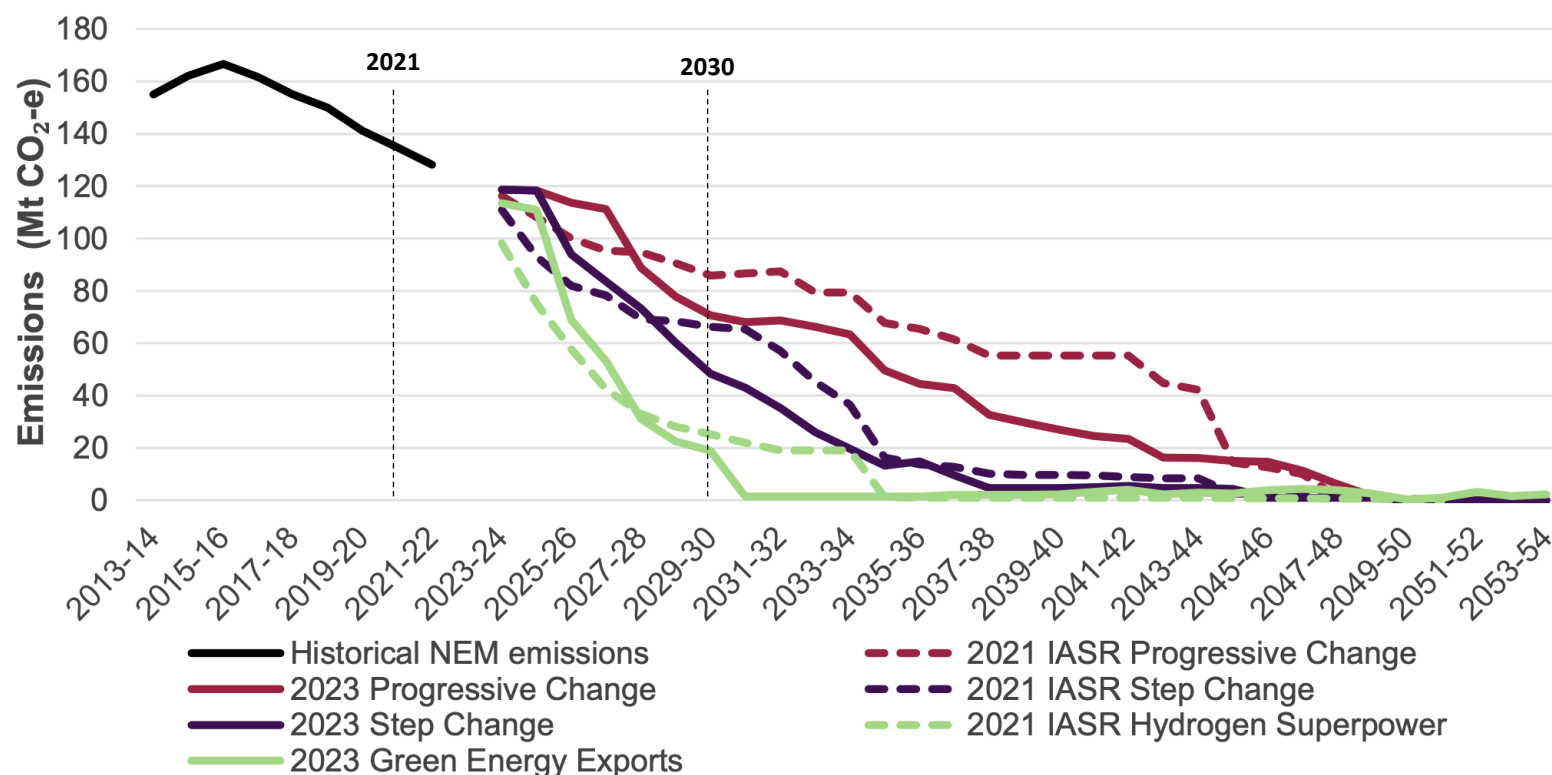
CBA's average annual green home capital allocation fell from \$10bn in FY21 and FY22 to \$7.6bn in FY23 – potentially an indication of slowing green loan uptake?

7-Star NatHERS ratings is becoming the new norm for defining green homes

Banks need to go beyond ~60% emissions reduction targets to accelerate electrification and energy efficiency

AEMO forecasts a ~60% emissions reduction in the grid by 2030 against a 2021 baseline

Actual and forecast NEM emission trajectories from multi-sector modelling, all scenarios



Most of CBA and WBC's 2030 sector target under the NZBA leverages Australia's efforts to decarbonise the power grid.

More aggressive 2030 targets would require the bank to double down on **driving green loan adoption and innovation**, as well as **policy advocacy** that helps to remove barriers to finance and accelerates electrification and energy efficiency upgrades.

A lot of work is being done! A collection of resources

Climate Energy Finance resources



[Big banks take on greening Australia's \\$10tn housing stock](#)



[Big 4 banks' transition plan assessments](#)

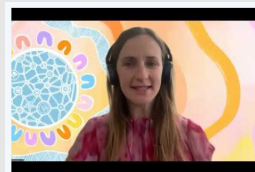


[Green Bonds for Low Carbon Buildings – A case study on the Woolworths Green Bond](#)

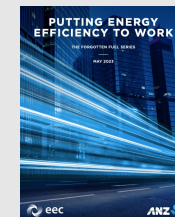
Additional resources



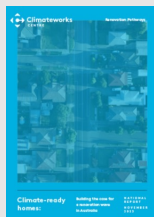
Green Building Council of Australia & ASFI, ['A practical guide for sustainable finance in the Australian real estate sector'](#), November 2023



ASFI, [Public Webinar: Australia's Household Energy Upgrades Fund](#), November 2023



ANZ & Energy Efficiency Council, [Putting Energy Efficiency to Work](#), May 2023



Climateworks Centre, [Climate-ready homes: Building the case for a renovation wave in Australia](#), December 2023



UTS Institute for Sustainable Futures, [Scaling Green Retrofit Housing Finance](#), October 2023 and [podcast](#)



Australian Government, [Green Bond Framework](#), December 2023