



Residential Building Mandatory Disclosure Fact Sheet

July 2011

Credible and consistent information to help us factor potential running costs and environmental impacts into what is generally our largest ever purchase decision – a home or investment property - is not readily available in most states and territories.

That is why the Council of Australian Governments (COAG) committed to investigate the benefits and costs of implementing legislation which would require that energy, water and greenhouse gas performance information be disclosed when a property is placed on the market for sale or rent.

There are a range of ways for such information to be assessed and provided from a full thermal assessment, such as that currently operating in the Australian Capital Territory (ACT), to a simple checklist such as the one used in Queensland and several methods in-between.

A regulatory impact analysis on the different options has been conducted and is now available for public consultation. The findings of the consultation will be used to refine the analysis and guide final decisions on mandatory disclosure.

What will mandatory disclosure look like?

Each state and territory will enable mandatory disclosure through its own legislation. While there will not be a single national scheme, all governments will be working toward achieving consistency in the schemes, where practical.

A Consultation Regulation Impact Statement (RIS) has been prepared

through the Building Implementation Committee of the Ministerial Council on Energy's (MCE) Energy Efficiency Working Group and approved for release by the Office of Best Practice Regulation. The RIS models six options, covering the full range from technically-detailed assessment through to a checklist approach and a voluntary scheme. It also considers the options of disclosure at point of sale only versus point of sale and lease.

Regulatory Options

Options 1 to 4 and option 6 are regulatory options. This means that jurisdictions would implement legislation that requires owners of residential properties to obtain an assessment and disclose their property's energy, greenhouse and water performance when the property is advertised for sale and/or lease.

Option 1- full thermal assessment

This option would require a full thermal performance simulation based on detailed building information, such as that included in basic house plans. The assessment would need to be conducted by a suitably qualified assessor and would generate a rating for the home. This option provides the largest degree of information about the house's performance and would provide a list of potential upgrades and recommendations.

Option 2 - simplified thermal assessment

This option is similar to Option 1 however does not require for the same level of building information for the assessment. There is also less focus on the thermal performance components of the building

during assessment and the upgrade recommendations. This option would provide less accurate information on the thermal components of a building's performance but potentially be a faster and lower cost assessment than Option 1. This option would also provide a list of potential upgrades and recommendations.

Option 3 - online self-assessment.

This option uses an online tool which makes an assessment of a building's performance based on data entered about the building's components. The owner could choose to self-assess their building or request that the assessment be undertaken by a qualified assessor. This option would be less complex and the potential upgrade recommendations would be more general and less customised for each particular dwelling.

Option 4 - checklist assessment.

This option would require the homeowner (or a nominated assessor) to disclose the energy and water saving features found in the dwelling at the point of advertising. Although this option could include a simple rating, given the type of information provided, the RIS assumes that no overall rating would be generated. Improvement recommendations would result from those features that are not currently ticked on the checklist.

Option 6 - mandatory rating with an opt-out feature

Option 6 discusses an opt-out feature which would allow home owners to opt-out of undertaking an assessment and have their homes accordingly rated at zero.

Non Regulatory

Option 5 - voluntary uptake

This option is a non-regulatory option where government could conduct a public awareness raising program encouraging people to improve the energy, water and greenhouse performance of their buildings. It could include a voluntary checklist similar to that used in Option 4 and promote the use of assessors and assessment tools.

What happens next?

Following the consultation period the Australian, state and territory governments will consider all stakeholder feedback and develop recommendations on the final form of the scheme(s).

A Decision RIS will then be prepared and will need to be approved by the Office of Best Practice Regulation before being considered by COAG's MCE or its equivalent.

As the measure will be implemented through state and territory legislation, the actual date for commencement of individual state and territory schemes is a matter for those governments to decide.

The Consultation RIS and support documents can be found at <http://www.mce.gov.au/quicklinks/bulletins.html>

General information on the measure is available at <http://www.climatechange.gov.au/en/government/submissions.aspx>

Any general enquiries regarding the Mandatory disclosure of residential building energy, greenhouse and water performance initiative should be directed to buildings@climatechange.gov.au.