

## Robinson, Renee

---

**From:** Lawrence Yu [lawrence@ecohaus.com.au]  
**Sent:** Sunday, 24 July 2011 7:03 PM  
**To:** DCCEE - Residential Disclosure  
**Subject:** Submission on Residential Buildings Mandatory Disclosure  
**Attachments:** Residential Buildings Mandatory Disclosure - Lawrence Yu.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

**Categories:** forwarded for the scribe, Green Category

Dear DCCEE,

Submission attached.

Kind regards,  
Lawrence

Lawrence Yu  
Managing Director  
m 0416 037 540



# Residential Buildings Mandatory Disclosure – Consultation Regulatory Impact Statement - July 2011

## Overview

This submission template should be used to provide comments on Residential Building Mandatory Disclosure Consultation Regulatory Impact Statement (CRIS).

## Contact Details

<b>Name of Organisation:</b>	Ecohaus Benchmark For Homes Pty Ltd
<b>Name of Author:</b>	Lawrence Yu
<b>Phone Number:</b>	0416 037 540
<b>Email:</b>	<a href="mailto:Lawrence@ecohaus.com.au">Lawrence@ecohaus.com.au</a>
<b>Website:</b>	<a href="http://www.ecohaus.com.au">www.ecohaus.com.au</a> <a href="http://www.homesustainabilityscore.com">www.homesustainabilityscore.com</a>
<b>Date:</b>	23/07/2011

## Confidentiality

All submissions will be treated as public documents, unless the author of the submission clearly indicates the contrary by marking all or part of the submission as 'confidential'. Public submissions may be published in full on the Department of Climate Change and Energy Efficiency or other relevant Government websites, including any personal information of authors and/or other third parties contained in the submission. If any part of the submission should be treated as confidential then please provide two versions of the submission, one with the confidential information removed for publication.

A request made under the *Freedom of Information Act 1982* for access to a submission marked confidential will be determined in accordance with that Act.

Do you want this submission to be treated as confidential?  Yes  No

## Submission Instructions

Submissions should be made by **close of business on 12 September 2011**. The Department reserves the right not to consider late submissions. Please restrict your submission to 4 pages of comments

Where possible, submissions should be lodged electronically, preferably in Microsoft Word or other text based formats, via the email address – [residentialdisclosure@climatechange.gov.au](mailto:residentialdisclosure@climatechange.gov.au)

Submissions may alternatively be sent to the postal address below to arrive by the due date.

*Residential Energy Efficiency  
Department of Climate Change and Energy Efficiency  
GPO Box 854  
Canberra ACT 2601*

## Residential Buildings Mandatory Disclosure – Consultation Regulatory Impact Statement (CRIS)- July 2011

### General/overall comments

The mandatory options proposed are ill conceived and ill defined.

In particular, Option 2 Simplified Thermal Assessment, which the report recommended, simply cannot function as a benchmarking system. Even the most simplistic form of 'thermal assessment' must be based on plans and drawings; to call an option 'thermal assessment' but does not require drawing is nonsensical. Simplified thermal assessments should instead be defined as assessments based on simple calculators (excel or online based) as oppose to the need of specialised software. Examples of simplified thermal assessment include BCA Energy Efficiency DTS provisions or BASIX DIY thermal assessment. Note both examples require information from plans and drawings to complete.

Furthermore, **a simplified thermal assessment can only work in a pass/fail scenario**, as is the case with BCA and BASIX. Option 2 will not be capable of benchmarking the relative performance of dwellings because as **a simplified thermal assessment will simply cannot assess all dwellings equitably**. For example, how will a simplified thermal assessment rate a studio apartment compared to a 5 bedroom mansion? Or how would a dwelling in Cairns compared to a dwelling in Jindabyne? Case in point is the fact the House Energy Rating Scheme (HERS) has to move from 1<sup>st</sup> Generation software to the more sophisticated 2<sup>nd</sup> Generation software in order to more equitably account for the variations in dwelling design. Option 2 is a "Fidelity Mirage"; thermal assessment cannot be both high convenience **and** high fidelity.

Another issue is that Option 3 and Option 4 are fundamentally identical. Their only difference is that one is completed online while the other is assessed on paper. A single system can accommodate both formats, as in the case of a tax return, which can be submitted on paper or online.

Thus, the fundamental decision is one between a 'low cost but elementary' process and an 'accurate but resource intensive' process. The mandatory options should be simplified to the following:

1. High fidelity option - Thermal Assessment by Accredited Assessor; or
2. High convenience option - Self-Assessment using a (online/paper) Checklist.

If we consider choosing between the high fidelity option and the high convenience option, the question then becomes is the added costs of the accurate process justifiable by additional benefits? Previous experience suggests the answer might be 'no'.

The major advantage the high fidelity option provides is 'accurate' and 'scientific' results. However, these results on their own do not encourage improvements because they (usually in some abstract format such as  $\text{kgCO}_2\text{-e}/\text{m}^2/\text{annum}$  or  $\text{MJ}/\text{m}^2/\text{annum}$ ) do not connect with the public and do not inform home owners about what can be done to improve their dwelling. Often the results need to be converted into a 'Star' rating to make it more accessible. However, converting results to discreet 'stars' can also inadvertently be a disincentive for smaller incremental improvements. This is because a small improvement may fall within the same star rating band and thus would not show up as an improvement in the result. Consequently, low-hanging opportunities may be dropped due to the perceived lack on significant in cost saving exercise.

In contrast, a simple checklist system overcomes some of the issues discussed above. In the most basic form, a checklist benchmark can simply compare dwellings based on the number of 'good' features that are found in a dwelling. The checklist automatically informs home owners about things that can be done to improve their homes; any items they do not have is a potential point for improvement. A simple tally can give recognition to even small incremental change, thus encouraging greater uptake of changes. The list of good features will highlight tangible items in a dwelling to potential home buyers, which provides a physical association to the benefit instead of some abstract figures. A checklist can also overcome a lot of the complexity in terms of comparing different types of dwelling in different locations. For example, a studio apartment with 7 good features is better than a mansion with only 6 features. A

house in Cairns with 10 good features is just as good as a house in Jindabyne with 10 features, even though those features may be completely different. An online checklist is preferable as it will be easier to use and to administer.

On the issue of 'point of disclosure', if it is the checklist method than it can be 'sale and lease' as the cost of an assessment should be minimal. If, however, it is decided that the thermal assessment method be used then it should be at point of sale only. As assessments are to be up-to-date at the point of disclosure, requiring landlords to obtain an assessment every time they need to find a new tenant is unreasonable. The influence of renters on upgrading a dwelling may be minimal in any case.

On the issue of 'quality assurance', the result from the checklist method can largely be verified by visual inspection while this is not possible with thermal assessment result. Therefore, checklist assessment can be performed by real estate agents as part of their service and be largely self regulated. Improper use or false claims can lead to some form of penalty for the agent, such as cancellation of their agent license. Regulating a thermal assessment system would require accredited assessors and ideally an independent body of auditors.

In terms of Option 5 and Option 6, they are good ideas and **should both be implemented to phase in the mandatory system**. Initially, the system can be voluntary to allow the industry to test out the system, fix any bugs and implement improvements. Then a transition period can be implemented where dwellings can to choose to opt out. Finally, the system can be made mandatory once it has been sufficiently tested to ensure it is equitable for all dwelling types.

### **Conclusions**

- A self-assessment online checklist system is recommended;
- Mandatory system can be phased in by first being voluntary followed by an opt out transitional period (as described by Option 6); and
- A 'simplified thermal assessment' is a 'Fidelity Mirage' and it will struggle to perform in practice.

For a simple example of how an online checklist will look, go to: [www.homesustainabilityscore.com](http://www.homesustainabilityscore.com)

Disclosure: I am an ABSA accredited HERS assessor.