

Submission

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

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Date:	9 September 2011

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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

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

PLEASE SEE ATTACHED

C-RIS Section number: <i>[insert section number eg 3.1]</i>	Comments

Regulatory Impact Statement – Residential Building Mandatory Disclosure

General/Overall Comments

This submission is made on behalf of the Owners Corporation SP53158 for Observatory Tower in response to a Government Proposal to require vendors to disclose the energy efficiency of a residential home or apartment offered for sale. The submission is restricted to home units.

There are two parts to energy consumption in home units the first being a) the energy consumed within the residential lot and secondly b) the energy consumed by the common property facilities such as lighting and lifts.

- a) A potential purchaser would normally observe/ascertain what appliances are in a property, the form of heating/cooling that is installed and note any other equipment which consumes energy when in operation. The potential purchaser would also note the type of construction of a property. If the potential purchaser does not have the skills to ascertain these matters then a building inspector could be asked to include such information in his/her report. No further consultant should be needed. From such information a purchaser should be able to ascertain the energy rating of the various appliances without difficulty and estimate the cost involved in their running. A purchaser could then budget for potential upgrades to reduce energy consumption.

An option for disclosure would be to require a vendor to disclose the cost of energy used at the property for the 4 quarters preceding the sale. Energy companies could be required to provide this information for a fee in the same way local Government authorities and Sydney Water provide certification of rates and in Sydney Water's case the average daily consumption. The purchaser would then have some idea of the cost of this aspect of living in the property.

- b) An owners corporation should not be required to provide any form of energy efficient certification as a potential purchaser is not billed directly for the owners corporation's energy consumption. A potential purchaser is able to ascertain from the owners corporation's records the annual levies payable and would know that these levies include the cost of energy consumption for the owners corporation's common property. Included in the levies is a provision for ongoing capital expenditure including expenditure on making the building more energy efficient.

To require an owners corporation to provide a form of energy consumption certification would be a cost an owners corporation should not have to bear and would be of little or no benefit to a potential owner. When they become an owner they will be able to participate in the decisions an owners corporation makes about the building's energy efficiency.

- c) Consideration should also be given to the following:
- i. The CRIS is written for houses but not for most residential apartments.
 - ii. Apartment owners have little scope to save energy usage as much of it relates to common property.
 - iii. Apartment owners have no ability individually to alter their building shell as it is all common property.
 - iv. The owners corporation is the party that needs to be involved, but it is not related to sale processes.

- v. The proposal needs to have a transition period – apply it to buildings under design now, but have a 3 year trial period, voluntary take-up by owners, and this will allow development and refinement of the bureaucratic processes and save costs before applying it to everyone.

It is the owners corporation's submission that there is no need to make it a requirement that a vendor disclose the energy efficiency of a property being offered for sale.