

Robinson, Renee

From: Peter Sutherland [SutherlandP@law.anu.edu.au]
Sent: Tuesday, 16 August 2011 6:34 PM
To: DCCEE - Residential Disclosure
Subject: Submission
Attachments: SCP RBMD RIS Submission 16Aug11.doc

Categories: forwarded for the scribe

Please find attached a Submission by SoftLaw Community Projects

Peter Sutherland

Residential Energy Efficiency Team
Buildings Government Energy Efficiency Branch
Department of Climate Change and Energy Efficiency
GPO Box 854
Canberra ACT 2601

**Response to the Consultation Regulation Impact Statement
Mandatory Disclosure of Residential Building Energy, Greenhouse and Water
Performance**

Further to the Canberra Consultation which I attended today, I would like to make the following points in response to the Impact Statement:

1. We support a regulatory approach of requiring full disclosure of a property's energy, greenhouse and water performance when a house is sold or when it is leased to a new tenant.

However, neither Option 1 or Option 2 are appropriate. What is required is a hybrid of Options 1 and 2 whereby a house is subject to a full thermal assessment report when it is first sold or leased, and thereafter a simplified thermal assessment report, which would be capable of meeting scheme objectives, should be all that is required. The prospective buyer or renter should be given access to both Reports, and together the two reports should be sufficient to achieve the outcomes estimated for Option 1.

Option 1 currently envisages 7 or 8 Full Reports over a 10 year period at a cost of \$774 each time. A hybrid option would reduce the cost of assessments to about \$1,720 over 10 years and is likely to have a better cost benefit outcome than either Option 2 or Option 1.

It would be desirable for a Full Report to be prepared every 10 years, or on each occasion where there are major renovations to the house.

2. We suggest that the uptake rates allowed for leases in the RIS (15% and 14% for Options 1 and 2) may be a bit ambitious, based on our experience with energy efficiency programs in private tenancies. The split incentives for energy efficiency in private tenancies and the very unstable nature of the private tenancy market in the ACT greatly inhibit tenant uptake of energy efficiency improvements. On the other hand, the uptake rates for owner-occupiers (30% and 26%) may be underestimated.

3. The projected savings in energy use of \$177 pa under Option 1 appears to be very modest in light of our experience in the ACT. With a refit expenditure of about \$500 (plus audits and education), we have been able to achieve average and sustained reductions in energy use of 20% which is substantially more than \$177 pa in the ACT (where residential energy consumption is greatly affected by winter heating).

4. We completely reject Option 6 in relation to residential leases. Unfortunately, many lessors accept no responsibility for the energy efficiency of their houses and they would invariably take advantage of an opt-out provision. Because of the tightness and high cost of rentals in the ACT, low income tenants have little bargaining power and are greatly disadvantaged by a lack of information on the energy consumption costs of their rental property.

5. The ACT mandatory disclosure scheme for house sales has been useful, however its impact has been degraded by cheating by builders in the star ratings given to houses. If mandatory disclosure is to be fully effective, it is vital that the energy efficiency ratings must be accurate and credible.

Yours sincerely

Peter Sutherland
Director

16 August 2011