

Submission

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

Overview

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

Contact Details

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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

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

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

General/overall comments

With over 500 member companies the Australian Window Association is a co-operative in which all members have one vote irrespective of size and financial contribution. A full-time Executive Director manages the Association that has a full-time staff of eleven. The Association Business Plan is monitored and reviewed by an elected Board representing all states and territories of Australia.

The AWA provides a national technical voice through representation on 15 Australian Standards committees, Residential and Commercial Building Regulation committees and committees for Mandatory and Voluntary Energy Requirements, keeps the window industry informed via magazines, websites, meetings and conferences and promotes the industry through media outlets, trade exhibitions and presentations at industry conferences.

The AWA manages NATA accreditation programs for manufacturers, handles dispute resolution with consumers and manages the Window Energy Rating Scheme (WERS) that provides the industry with energy ratings for their fenestration systems in alignment with the emerging energy regulations and greenhouse gas reduction targets.

The AWA is also a registered training organisation (RTO) under its training entity AFTI (Australian Fenestration Training Institute) providing a career path for industry.

We have strong working partnerships with Australian building industry associations and government bodies including Window Associations in NZ, China, USA, Canada, UK and South Africa and are members, with Board positions, of the BPIC (Building Products Innovation Council) and AFRC (Australian Fenestration Rating Council).

As the peak window support group much of our time is spent with members as educators and facilitators, working with regulators to set and respond to new directions and then to drive change and best practice within our industry. We have participated in a number of alliance projects to scientifically and economically underpin our products and services in the sustainability sector and are about to launch our efficientglazing.net tool.

The AWA supports the introduction of credible, accurate and consistent information to factor potential running costs and environmental impacts in homes or investment properties and would welcome a national system of mandatory disclosure as early as possible.

The AWA also applauds COAG's commitment to investigate the benefits and costs of implementing legislation requiring energy, water and greenhouse gas information to be disclosed when a property is sold or leased.

It is our opinion that there are extensive problems in residential building energy, greenhouse and water performance. There are market failures in the actual building performance matching the stated inputs and little or no measurement mechanisms. Negatively affecting outcomes are areas such as the policing of compliance and validation procedures, misuse of energy efficiency data and either a general lack of understanding on the associated principles or a belief by many that this is not important. Combinations of these present a barrier to improved energy, greenhouse and water performance of residential buildings in Australia.

Intervention is necessary to overcome market failures and to obtain and provide information about the energy and water performance of housing in Australia. The problem has been accurately represented in this RIS but, in our opinion, is understated.

To make real progress in addressing energy efficiency the AWA believes Australia has come of an age that needs a robust, credible and yet measureable, defensible regulatory tool.

We have reviewed the Regulatory Impact Statement on the different options and have a very strong preference for Option 1—full thermal assessment.

AWA also believes that whilst one system based on option 1 would be preferable, it recognises that national consistency may be difficult given the federated structure, limited tools and skills in the market to provide this, and that it might not necessarily meet current market needs or expectations.

Despite this, it should be recognised that achievement of the benefits for the construction industry (including

designers), individuals and the community will only materialise when the market can deliver the assessment, in conjunction with significant and meaningful improvements made as a result. Given this, only those options that include a thermal performance assessment should be considered.

Our comments on the options follow for your consideration.

Option 1—full thermal assessment which requires a full thermal performance simulation based on the house floor plan and other building information is the fully supported option of the AWA and its members. The fact the assessment would need to be conducted by a suitably qualified assessor, and would generate a rating for the home, offers the most credible and accurate results for providing actual outcomes against the targets being set for reducing the use of energy and carbon emissions. The best option for a home buyer concerned about future energy costs is to engage independent advice.

The negative net benefit shown in table ES 1.2 is due to the upfront costs yet the actual savings realised offer the greatest opportunity to address energy efficiency in a qualified and quantified manner. Perhaps government support for homeowners in the form of initial rebates could be considered.

Under Option 1, a full thermal performance assessment will highlight quicker, and more accurately, the base building deficiencies which when combined with the services of an assessor, will lead to more targeted recommendations and a motivating force to adopt them.

While it will not happen significantly for the first few years after introduction, AWA believes this combination of factors could lead to a faster uptake, and therefore the quickest pay back of the benefit. Current industry limitations to do this might mean that the initial costs are too high (noted in RIS) and that this faster ROI is effectively neutralised.

The RIS notes that persistent information problems make it difficult for market participants to differentiate the relative performance of different properties or indicate the value of performance differences and identify opportunities to improve performance. The AWA would argue that most component and material data are available, especially in the building envelope sector (windows currently have over 250,000 commercially available products rated under internationally recognised protocols and freely available and accessible to the public). Regulation and education are required to drive awareness and correct use of such data.

Option 2—simplified thermal assessment, whilst similar to Option 1, would be the only other acceptable alternative to the AWA as we recognise that a faster, lower cost alternative may have broader mass appeal and could offer an entry option to build on for the future and because it reduces the upfront cost but still highlights the energy efficiency deficiencies.

The fact that it does not require a floor plan and there is also less focus on the thermal performance components of the building during assessment does, however, carry a risk of the building not performing to indication.

The positive net benefit shown in table ES 1.2 is primarily due to reducing the upfront costs yet the actual savings realised offer a slightly lesser opportunity to address energy efficiency. The main concern here is the acceptance of potentially misleading component data (as we currently find in existing BCA and simulation tools) that could not be considered qualified or quantified methodology. A concern for recently built homes windows is that just the glass energy performance figures have been used in some instances instead of the whole of window performance as is required by the BCA.

AWA would question how it would be implemented.

Option 3—online self-assessment uses an online tool which makes assumptions about a building's performance based on data entered about the building's components is unacceptable in the opinion of the AWA as it carries with it a high risk of the outcomes of the assessment not living up to documented expectation. The fact that the owner could choose to self-assess their building or request that the assessment be undertaken by a qualified assessor leaves this option open to potential roting or simple misuse.

This option would be less complex and so the potential upgrade recommendations would be more general and less customised for each particular dwelling again leading to understated performance potential. The time between information and action is likely to be significantly longer because people may not have an assessor to

highlight specifically where the big problems are, and likewise, how to actually make the changes.

AWA would ask:

- How the assessment is validated if carried out by the homeowner and where do they source component data that is relevant to their existing home?
- Will the system be preloaded with generic information and will these align with BCA, DCCEE, AFRC or custom data for windows?
- Will the homeowner potentially be held legally liable for future proven understatement by the purchaser who relies on this information in decision making?
- What incentive under this option is there for retaining a qualified assessor?
- Is the qualified assessor's assessment also to be simplified and to what end?

Option 4— checklist assessment requiring the homeowner (or a nominated assessor) to disclose the energy and water saving features found in the dwelling at the point of advertising is an unacceptable option to AWA. With, no overall rating generated and improvement recommendations resulting from those features that are not currently ticked on the checklist, the AWA considers this option as almost business as usual, not progressive and certainly not addressing any real issues in energy efficiency.

AWA considers option 4 a waste of time for builders, designers and all house building product suppliers (i.e. windows, timber, brick, concrete) because it is more likely to focus on bigger ticket items such as water tanks, insulation, solar hot water, ceiling fans, external shading devices etc. that only reduce built-in higher consumption rather than things like wall construction, orientation, location of windows etc. that actually build-in reduced consumption.

AWA would ask:

- How the assessment is validated if carried out by the homeowner and where do they source component data that is relevant to their existing home?
- Will the system be preloaded with generic information and will these align with BCA, DCCEE, AFRC or custom data for windows?
- Will the homeowner potentially be held legally liable for future proven understatement by the purchaser who relies on this information in decision making?
- What incentive under this option is there for retaining a qualified assessor?
- Is there an importance factor applied to specific components highlighting the influence of the component to realised outcomes?

Option 5— voluntary uptake

AWA would question this non-regulatory option and believes that it should not be considered. AWA does strongly believe, however, that government should conduct a public awareness raising program encouraging people to improve the energy, water and greenhouse performance of their buildings and promote the use of assessors and assessment tools as an important part of introducing and supporting mandatory disclosure regulation.

Option 6 – mandatory rating with an opt out feature

AWA would question why we would allow home owners to opt-out of undertaking an assessment and have their homes accordingly rated at 0 unless the building was sold as a knock down.

In closing, the AWA believes to make real progress in addressing energy efficiency Australia has come of an age that needs a robust, credible and yet measureable, defensible regulatory tool and have a very strong preference for Option 1—full thermal assessment.

AWA cannot endorse any options and metrics that support getting a “number” at the cheapest cost rather than pushing good practice (to achieve true thermal comfort and energy efficiency with reduced energy and greenhouse gas emissions) that has a long return period.