

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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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

The Construction and Property Services Industry Skills Council (CPSISC) represents the workforce training and development needs of an extremely large and vitally important sector of the Australian economy – the Construction and Property Services Industries. The Council is led by a high level industry Board committed to providing an authoritative and industry led approach to the supply of information and intelligence relating to the Construction and Property Services Industries skill and strategic workforce development needs. Our mission is to serve the construction and property services industries by identifying and meeting their training, skill and workforce development needs.

A very important and practical role for CPSISC is the development and currency of national Training Packages for its industry coverage. The Training Packages comprise detailed competency specifications and nationally recognised qualifications for the full spectrum of construction and property services occupations. Industry, government and regulatory authorities use these competencies and qualifications as the skills specification for the workforce and, where applicable, for regulatory and licensing purposes. If there is demand and sufficient funding the Skills Council may also develop training resources to fast-track skilling and support consistency in training outcomes.

CPSISC has Board and Industry Advisory Council members with a keen interest in the Residential Building Mandatory Disclosure proposals and their views have been canvassed in developing this response. The organisations consulted include The Real Estate Institute of Australia (REIA), Housing Industry Association (HIA), Master Builders Australia (MBA), Association of Building Sustainability Assessors (ABSA) and other leaders in the Property Services and Construction industries.

Members of the CPSISC Board and Industry Advisory Councils with an interest in the Residential Buildings Mandatory Disclosure – Consultation Regulatory Impact Statement (CRIS) - July 2011 will make comprehensive submissions on their own behalf and CPSISC does not wish to comment on areas within their remit such as the sustainability/energy usage problems the mandatory disclosure regime is proposed to address or what are suitable options in the RIS. However, there are training and professional development issues that arise in implementation of a mandatory disclosure regime of this nature that are pertinent to CPSISC's responsibility and our comments below address these issues.

C-RIS Section number: <i>[insert section number eg 3.1]</i>	Comments
2.3	This section notes that mandatory disclosure regimes for a building's environmental/social sustainability and energy efficiency currently apply in Queensland (Sustainability Declaration) and the ACT (Energy Efficiency Rating Statement) but not in other jurisdictions. Even across these two jurisdictions the requirements are significantly different in application. In CPSISC's experience with regulatory arrangements and licensing if a mandatory disclosure regime is to be implemented it would be far more effective and efficient from an industry and a training and professional development perspective if there is a consistent national approach.
2.4 and 2.5	Simply as an observation these sections note that supplying information on a building's energy efficiency does not necessarily drive a change in behaviour and steps taken by owners to improve this. However, the cost/benefit analysis in Chapter 5 appears to assume this will happen to indicate a net national benefit.

	<p>CPSISC's consultation with stakeholders also noted that if a carbon price is implemented rising energy costs will lead to behaviour change and this has already been observed in parts of Australia when electricity costs have risen well beyond the CPI over the past two to three years. While the RIS makes assumptions based on a no carbon price environment this cannot be ruled out and if in place might drive residential energy efficiency and so negate/duplicate some of the mandatory disclosure regime goals. It seems odd to discount a carbon price environment in the first part of the cost/benefit analysis while using an indicative carbon price to estimate greenhouse gas emissions reduction as a costed benefit (p.39).</p>
4.1	<p>The regulatory options 1 to 4 and Table of Comparisons (4.2, p. 32) shows Options 1 and 2 will require trained assessors. It should be noted that the Department of Energy Efficiency and Climate Change (DEECC) in consultation with the National Framework on Energy Efficiency Buildings Implementation Committee has contracted CPSISC to develop qualifications for the Nationwide House Energy Rating Scheme (NatHERS) and units of competency for Residential Building Mandatory Disclosure (RBMD) assessors. This work is underway and the specifics of any mandatory disclosure regime agreed and implemented nationally would need to be covered in the final outcomes of this development work.</p> <p>There are already some individuals with potentially relevant assessor skills such as the approximately 1,000 'energy raters' and over 5,000 certified green loan assessors. Nonetheless there would need to be a specific training and/or re-training response to implement a new national mandatory disclosure regime that CPSISC could react to with new/revised competencies and qualifications and possibly targeted resources that would speed up the skilling response.</p> <p>If both sale and lease transactions are covered the likely initial need would be for up to one million assessments each year, a figure supported in the RIS analysis (p. 49).</p> <p>Of concern is the RIS contention that options 3 and 4 only require "unskilled (non-trained)" personnel in the form of the residential owner and/or a sales and leasing agent. This is unlikely to be the case. Any regime where the onus is on the reporting actor to provide accurate and in some cases, technical information it is inevitable that the great majority of building owners will call upon the agent to assist with the completion of a disclosure statement. This is more than what is estimated in the RIS that appears simply to calculate and cost a small amount of agent time to inform the owner and purchaser or/lessee of the regime and the disclosure requirements. There is an opportunity cost to the property services industry here.</p> <p>In reality the agent will need to have professional development in order to be fully conversant with the mandatory disclosure requirements and also skills to assist owners/landlords in completing the reporting documentation. While this can be covered in up-front training for agents through revised CPSISC national competencies and qualifications it also requires up-skilling of qualified persons already operating in the industry.</p> <p>Option 5 would, to some extent, take advantage of the existing trained assessors and those that would undertake future training utilising the CPSISC NatHERS and RBMD qualifications and competencies now under development. Professional development of agents under this public information approach would be of significantly less magnitude than options 1 to 4.</p> <p>Option 6, the 'opt-out' approach would appear to still require agents to receive training on the regime in order to fully inform clients of their obligations and opt-out choice. Those not wishing to have a zero rating – potentially the majority - would still need to be taken through the disclosure reporting documentation so the professional development impact would not differ greatly from options 3 and 4.</p>

5.1	<p>On page 40 training and insurance is noted as a cost but only in terms of training assessors. CPSISC's position is that under all options real estate agent training and professional development will need to occur to ensure a mandatory disclosure regime is implemented effectively and owners/landlords are accurately informed and assisted and this aspect should be costed.</p> <p>In tables 5.1 and 5.2 assessor training and insurance appears to be under-estimated at \$54m. The assumptions behind this estimated direct cost would need examination to determine its viability. CPSISC has expertise in evaluating training needs and costs in this regard.</p>
5.2	<p>This section indicates no costs to industry under option 5. As noted above CPSISC believes that real estate agents would incur professional development costs to fully inform clients on the topic irrespective of a government information campaign.</p>
Summary	<p>CPSISC would appreciate timely updating of decision-making on the proposed mandatory disclosure options as any of the adopted regimes would involve the Skill Council in amending or adding to the industry competencies and qualifications structure it manages to accommodate a new, mandated property sale/rental component. If the regime is implemented over a short timeframe it may also be necessary to develop suitable training and professional development resources to assist industry gear up its workforce. This is within the Skills Council's national remit but does take time and allocated funding to achieve.</p>