Submission Template

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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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*

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

Residential Energy Efficiency
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General/overall comments

About Ecomad

Ecomad have performed over 500 assessment or audits of existing domestic households of all ages. Audits can range from an energy audit of the home, insulation inspection, up to a fully detailed Home Sustainability Assessment. Full Home Sustainability Assessments include ceiling insulation inspections, estimated energy ratings of homes using FirstRate5, analysis of electricity, gas and water bills, major and minor appliances in the home, garden, lifestyle and waste. We currently also offer and conduct assessments of homes for buyers to advise on the efficiency of the home prior to purchase.

As well as audits of the home, Ecomad also conduct retrofits. Retrofits can include draught sealing, insulation installs, window replacements; even vegie gardens.

The fledgling "Green" industry has been hurt over the last few years due to programs such as the botched Home Insulation and Green Loans programs. Adding to that, all the negative publicity in the media, the carbon tax, and more have continued to batter the industry.

As a result the majority of clients we deal with have no interest in the amount of carbon or greenhouse gases they can save by installing insulation or turning off a light. Their primary interest is comfort and saving money. To gain the best traction in the marketplace, the mandatory disclosure should emphasize savings in household running costs and comfort rather than carbon production of inefficient homes.

The extent of the 'problem' in residential building energy, greenhouse and water performance.

The majority of Australian homes prior to the introduction of energy rating tools and new building regulations are inefficient. Many would rate as 0 Stars up to 1 Star but rarely obtaining higher than that. They are leaky, orientated incorrectly, under insulated and poorly designed with relation to thermal performance. All problems are a result of lack of education within the building industry of thermal performance, the greed of some developers to cut corners (eg. Fail to insulate) to name a few.

Since energy ratings for new buildings were made mandatory as part of the building process, the same problems are still occurring today. Many 4, 5 and 6 star homes that Ecomad have assessed have met their energy rating requirements on paper, but the actual buildings do not and as such many of these are estimated to be more in the vicinity of 3.5 to 4 stars rather than 5 and 6 stars. For example, draughting is a big issue and homes are still being under insulated or insulated incorrectly. The building industry is still relatively uneducated about thermal performance and some developers are still cutting costs which is affecting the new homes performance. We have seen many cases where ceiling and wall insulation has not been installed, or only partially installed. Building inspections in Australia are basic and expensive and only require a copy of insulation installed, glazing certificates, etc to obtain their final inspection certificate. There are NO physical checks of the Energy Rating components at any stage (in Victoria) and at the very least Building inspections should involve a thorough insulation inspection as part of the process.

The impact of the HIP upon the penetration of roof insulation in the stock of Australian residential buildings.

Having inspected over 200 homes under the Home Insulation Safety Program, we believe the HIP had little impact on the homes that had insulation installed. Of the sample, very few were insulated correctly, quite a number had no increased benefit from the added insulation, and those in between ranged from little to average benefits.

Insulation installed under the Home Insulation Program (HIP) should be IGNORED under Mandatory Disclosure due to the high probability that the roof has not been correctly insulated.

Ceiling insulation correctly installed and to the correct level of insulation required for the location is very important in reducing heating and cooling requirements and increasing comfort in a home. As part of Mandatory Disclosure, insulation in a ceiling space MUST be inspected by the assessor to determine/estimate its value. Simply opening the manhole and popping the head in for a quick look is not going to give an indication in the majority of cases. As found in many homes that had HIP, insulation often looked well installed around the manhole but subsequent inspection further into the roof space often found no insulation at all. Those with ducts in the ceiling space were most susceptible to this.

Assessors should be trained in how insulation should be installed correctly and what to look for if entering a roofspace to inspect insulation.

With regard to residences that have had insulation installed, the certificate of insulation that should be provided by a reputable company can be used as proof of insulation. However, under the HIP program, any certificates issued under this program should not be regarded as proof. Reason for this is from first-hand experience inspecting HIP homes where some jobs that were insulated by companies that have been in the insulation industry before the HIP, not being insulated correctly and meeting the minimum requirements.

For flat roof areas, photographic proof or certificate of insulation would be the only methods available to an assessor as rooves would require lifting which assessors would not be qualified to do.

Assessors:

The Mandatory Disclosure program **SHOULD NOT** be allowed to attract unqualified assessors or involve qualifications than can be obtained in 2 or 3 days.

IT IS VITAL that Assessors under Mandatory Disclosure are properly trained, have the correct insurances, and belong to an approved association that can oversee Thermal Performance and Home Sustainability Assessors which the MD Assessor would essentially be classed as. (Eg BDAV, ABSA). Yearly CPD (points) requirements are a MUST and all assessors MUST have a police check. This essentially will place a barrier to the cowboys that could potentially ruin a good program such as this and maintain standards. Further barriers to any misleading MD assessments can be use of photographs by the assessor (with permission from householder). Photographs should include date and time stamped images of the front of the house including house number, various photos within the roofspace, and potentially photos of major appliances such as hot water systems, heating and cooling systems, etc. This is proof that the assessor has conducted an assessment. Assessors should manage these photos rather than the government which would be costly but if the assessor has a complaint by householder, or is being externally audited then the photos can help provide proof at that time.

Assessors need to be impartial to the sale process of the house and as such Real Estate Agencies should not be able to directly conduct Mandatory Disclosure themselves It is up to the Real Estate Agencies to seek the services of one or more businesses that conduct mandatory disclosures.

Software / Mandatory Disclosure Report:

Ecomad favours Option 1 (first) followed by Option 2 of the recommended methods of conducting a mandatory disclosure. Using thermal performance software based on the accurate engine will give the home a star rating – easy to understand by both seller and buyer – and is key to understanding the strengths and weaknesses of a building. Software already exists for this and could be utilized without the Government incurring costs. However, there are discrepancies between the different versions so one tool would need to be utilized Australia Wide to maintain a more consistent standard.

The second part of the report would indicate all fixtures that stay with the home upon sale such as:

1. Lighting
2. Heating and Cooling systems
3. Hot Water Systems
4. Swimming Pool Pumps
5. Dishwashers
6. Outdoor Spas
7. Patio Heaters
8. Solar Panels
9. Water Tanks

There are more and this section of the report should have set fixtures common to all homes with the ability of the assessor to add new ones. This builds a better database of fixtures that travel with homes. The efficiency of each fixture should also be noted in a simple way such as inefficient, efficient, very efficient which can trigger recommendations easily. Lighting might be treated differently as there might be a large number of lights and of different types – eg: list the type, and how many and possibly location such as in high use are, low use area.

There is no need for the MD Assessment to consider the utility bills of the home owner selling the home as this is only giving an indication of how that person uses energy and water. The new owners could be completely different. ***Note that a one star family living in a 5 star home usually achieves a 1 star result – A 5 star family living in a 1 star home can achieve a 5 star result.***

Software for the 2nd part of the assessment can be web based using an application that can be used offline or online and on various devices such as laptops, tablet PCs, and other mobile devices.

INCENTIVES (Rebates)

Incentives should be offered by state/federal governments for any recommendation that is implemented by the seller of a property. New owners of the property should also have access to these incentives if the seller does not undertake any recommendations. By offering incentives we are increasing awareness and promoting uptake of recommendations to make real change.

By incentives we really mean rebates such as a rebate for topping up insulation, a rebate for changing inefficient lights to CFLs, a better rebate for upgrading to LED lighting, rebates to upgrade a pool pump, etc. Some rebates already exist but rebates for any actions produced in the report should be made available.

To keep the rebate system honest, home owners should be required to pay for upgrades and then apply for a rebate. Applying for a rebate should be more stringent; ie. complete a rebate form, attach receipts of work done, and photos of work done. Some actions such as insulation upgrades should definitely have accompanying photos or be inspected by a qualified insulation inspector who is not associated with the business installing the insulation.

C-RIS Section number:	Comments
Table ES 1.1 **COMPARISON OF REGULATORY OPTIONS** (Page X of Executive Summary)	**Options 3 and 4** should NOT be considered. If we really want to see results in Carbon savings, costs savings, comfort, etc then self-assessments will not work. The majority of householders are unaware of why homes are inefficient and costly to run, or like the Queensland program of disclosure may not complete all the details. Incorrect information about their property might also be noted in order to make it look better than it really is. **Options 1 and 2** should **ONLY** be considered. An Independent assessment by a qualified assessor is essential for the program to work properly. The program used and the report generated MUST be the same Australia wide and like Energy Ratings, some sort of system where MDs are stored is essential (eg Assessor holds one copy, association such as BDAV or ABSA hold another). Assessors should also have MD assessments randomly checked to make sure assessors are doing the right thing. Ecomad favours Option 1 where a more comprehensive report is undertaken. A more accurate report will be of far greater benefit to both buyer and seller of homes. We do not agree with the figures mentioned in Table ES 1.1 for option 1 stating that an assessment cost to the householder would be approx. $774 not including a certificate lodgement fee. Full detailed plans are a bonus but NOT required. An energy rating on a new home which does require full detailed plans can cost between $100 and $300 depending on building type. For an older home without plans, the cost Ecomad charge is between $400 and $600 depending on whether the householder is obtaining a report with recommendations on their buildings thermal performance or a full home sustainability package which is far more detailed. If a householder does have plans then this price is discounted due to reduced time. Ecomad currently use FirstRate5 software to create an estimated energy rating and we must stress that even for a new home, the software is ONLY an estimate but it is only tool we have that can give an indication of the likely thermal performance of a building. Plans for Mandatory Disclosure do NOT need to be as detailed as those drawn up by building designers for new builds and use of a Draftperson are not required. It does not take long to rough sketch the design of a house, take room measurements, and note down other features such as wall types, windows types, etc.