



12 September 2011

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

Green Strata Inc is a non-profit organisation focused on assisting owners of residential strata complexes in improving the sustainability of their common property. We do this by providing information and case studies on the options available to owners through our website (www.greenstrata.com.au) and workshop and education sessions facilitated by owners corporations, local councils, environmental organisations, strata managers and building managers.

Green Strata supports a regulatory option for mandatory disclosure of residential building energy, greenhouse and water performance provided that it results in a meaningful and relevant impetus to property owners to achieve the objectives.

This submission relates solely to the scheme's implementation as it relates to residential strata-titled properties.

We believe that insufficient consideration has been given to the important differences between apartments and detached houses, and that a one-size-fits-all approach for the residential sector will disadvantage residential strata owners and not fulfil the schemes objectives in this important and growing sub-sector of the residential property market.

We further believe that wider consultation with representative organisations such as Strata Community Australia, the Owners Corporation Network, and ourselves is necessary to identify a workable model.

The nature of strata title

Owners of strata-titled apartments only have control over the 'air space', and anything contained within it, of their apartment. The building's shell and common services are collectively owned by the owners corporation) as 'common property', and any modifications to that common property must be authorised and funded by the owners corporation in accordance with applicable state legislation.

Responsibility for Energy & Water Efficiency Measures

Many of the energy & water efficiency measures in the analysis are not under the control of individual owners, but are instead are either the responsibility of, or require the approval of, the owners corporation. It is inequitable to expect an individual apartment to be rated for efficiency, or to assume potential cost savings, without consideration of:

- An individual owner's ability to improve aspects that are in fact common property, and
- The impact of the energy, greenhouse and water performance of the common property itself

The following table highlights who can make the decision to implement the different energy & water efficiency measures considered in the analysis.

Measure	Decision Maker		Notes
	Apartment owner	Owners Corporation	
Building Shell Measures			
Floor Insulation	Depends on the form of insulation	Depends on the form of insulation	
Ceiling Insulation – None		Requires owners corporation approval	Roof space is generally common property
Ceiling Insulation – Poor		Requires owners corporation approval	Roof space is generally common property
Wall Insulation	Internal walls only	External walls	External walls and those between apartments are generally common property
Double Glazing	Internal glazing only	External glazing	Windows are generally common property
Curtain & Pelmet	If by-laws do not place restrictions on the type and external appearance of curtains		
External Blinds		Requires owners corporation approval	
Window Tinting	May be possible depending on the by-laws and any local council regulations		
Draught Proofing	May use 'free-standing' measures	Requires owners corporation approval for anything affixed to common property	Windows and external doors are generally common property. Furthermore, apartment entry "door sets" are fire-rated and cannot be modified if the changes invalidate that certification
Equipment measures			
Fixed Heating	If independent of any centralised heating		
Fixed Cooling	If independent of any centralised cooling		
Hot water - High Efficiency Gas	If stand-alone in the apartment		Many larger buildings have centralised hot water systems that are common property
Hot water - Gas for Electric	Possible if gas is connected to the apartment	Any new gas connection, if physically possible, requires owners corporation approval	

Hot water – Solar Replacement		Requires owners corporation approval as the system would most likely be installed on common property	
Lighting - Replace Halogens	Within apartment	On common property	
Low Flow Shower Rose	Yes		
Dual-flush toilets	Yes		

Energy consumption versus cost & savings

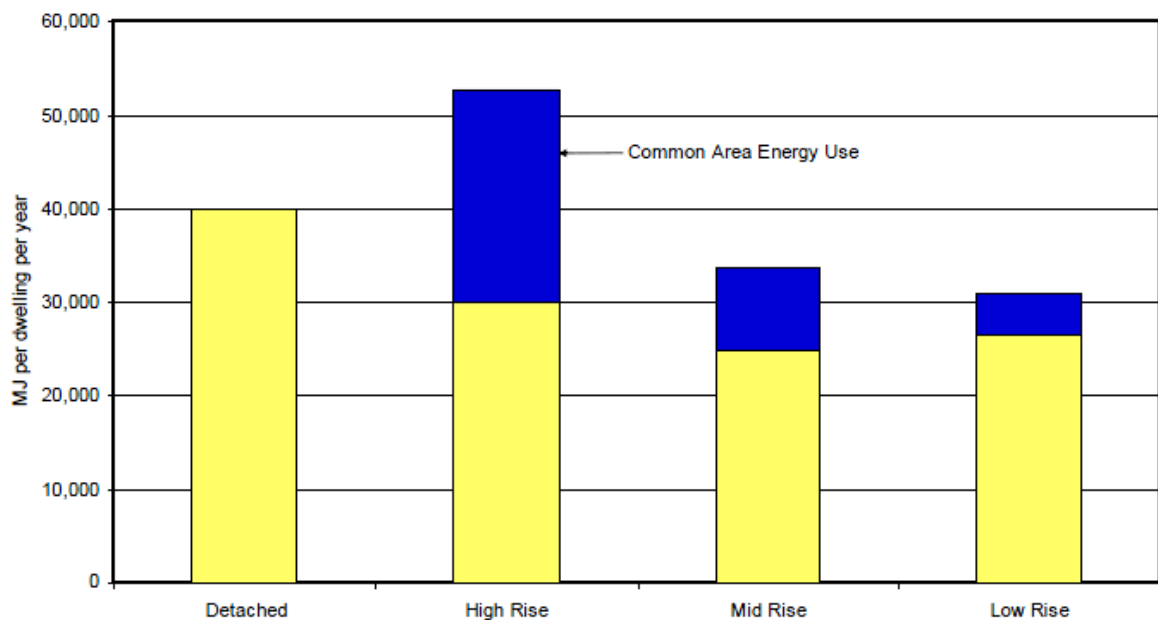
There is a distinct difference in what owners and tenants pay for energy consumption, and therefore also any savings that would result from energy-efficient measures.

Tenants pay only for energy directly consumed in their apartment.

All owners pay a share of common property energy consumption, in proportion to the unit entitlement of their lot.

Any realistic assessment needs to take into account common property energy consumption and efficiency. The *Multi Unit Residential Buildings Energy & Peak Demand Study, 2005* by EnergyAustralia and the NSW Department of Planning highlighted the fact that the larger the building, the greater the energy demands of the common property:

Total Energy Consumption (MJ/dwelling/year) vs. Housing type



Water Consumption versus cost & savings

The vast majority of apartments are not separately metered for water. There is a single metre for the building.

Water utilities around Australia differ in the method of charging individual apartments for a share of building-wide water consumption.

For Sydney Water's customers as an example, the owners corporation pays for a building's total consumption. Individual owners indirectly pay a share of this through their levies, but only in proportion to their unit-entitlement – which has absolutely no bearing on consumption attributable to any single apartment. Furthermore, tenants NEVER see a water bill and have even less incentive to conserve water.

While the installation of low-flow showerheads and dual-flush toilets can significantly decrease water consumption and their installation is within the control of apartment owners, because of the way costs are apportioned there can often be no savings to that owner. Potential savings can be negated simply by an extra person moving into the apartment next door!

Summary

Green Strata supports regulated Residential Mandatory Disclosure – however residential strata-titled properties need to be evaluated differently from detached dwellings, and incorporate the impact of common property on both an individual owner's ability to effect change, and on the true energy and water consumption for which an owner is accountable.

Such consideration of the inherent differences from detached dwellings should also not delay the scheme's implementation for the strata-titled properties.

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